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CANADA'S WEEKLY NEWSMAGAZINE FEBRUARY 15, 1993 VOL 156 NO 7

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Mark Jagger's third solo effort may get him some recognition at last; meanwhile, Keith Richards is on sale a lean No. 2.

60 FOTHERINGHAM

COVER

THE NEW RUSSIANS

Russia has become a land of striking contrasts as its people struggle to build a new way of life. Homeless beggars roam the streets of Moscow and St. Petersburg, and ordinary citizens have to fight for subsistence. At the same time, the growing number of New Russians who own hard currency are thriving on imported luxuries and such diversions as strip clubs and casinos.

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CANADA

GETTING ACQUAINTED

Meeting in the recently refurbished Oval Office of the White House, Prime Minister Brian Mulroney and President Bill Clinton exchanged gifts and warm words. But privately, some federal officials say that the new U.S. administration has so far established little interest in the state of Canada-U.S. relations.

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DECISION TIME

As the annual deadline for contributions to Registered Retirement Savings Plans (RRSPs) approaches, Canadians face more tough decisions than ever. Maclean's reviews current thinking on the future direction of retirement plans and examines recent changes in the equity and mutual fund markets.

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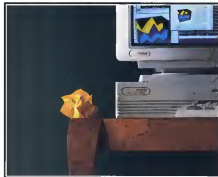
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OPENING NOTES

An image-maker in Surrey, confessions by fax and outfoxing the hounds

FOR SALE BY OWNER

In a depressed, customer risk real estate market, introducing a used real estate can be a difficult task. In 1982, the Dupont Chancery on Washington Avenue became Canada's first U.S. diplomatic mission. But since May 1988 when embassy staff moved into their glitter new digs on Pennsylvania Avenue, the Chancery has been empty. Local real estate agents have been unable to unload the five-story, 11,000-square-foot building, valued at between \$5 million and \$5.5 million. In a very select part of America society. At the end of the week, however, the Chancery was still for sale.



view, Washington lawyer Arthur Newman, was clearly upposed. "It off has to do with living rights," he said. "It would be useful to a very select part of American society." At the end of the week, however, the Chancery was still for sale.

THE SURREY SPIN

What's the difference between Surrey and paper? Expect less culture.

With a reputation for crime and rednecks, the city of Surrey, 30 km south of Vancouver, has long been the butt of jokes among British Columbians. Local politicians have finally had enough—and have hired a public relations man to do something about it. On Feb. 15, Paul Griffin, a co-host of CBC TV's *The Journal* from 1988 to 1993 and now owner of his own video production company, Gryphon Communications Inc., will become Surrey's manager of public affairs. "I really believe Surrey is on the verge of becoming a great city," said Griffin. He will cost \$80,000 a year—a man that has been criticized by many of Surrey's 260,000 residents, who face a 4.5-percent municipal tax increase this year. But Griffin, who has lived in Surrey for 10 of the past 15 years, said that he prefers not to think of himself as a spin doctor. "That implies that I'm trying to put a positive spin on something negative," he added.



WORD FOR WORD

The Gay Question

President Bill Clinton has issued a record of the military and Gen. Colin Powell, chairman of the Joint Chiefs of Staff, want to keep it. Excerpted from the department of defense document that bans gays and lesbians from military service.

Homonormativity

Homonormativity is incompatible with military service. The pressure in the military environment of persons who engage in heterosexual conduct or who, by their statements, demonstrate a propensity to engage in homosexual conduct, seriously impairs the accomplishment of the military mission. The presence of such members adversely affects the ability of the military services to maintain discipline, good order, and morale, to foster mutual trust and confidence among service members, to ensure the integrity of the system of rank and command, to facilitate assignment and worldwide deployment of service members who frequently cross time and work under close conditions affecting mutual privacy, to recruit and retain members of the military services, to maintain the public acceptability of military service.

The basis for separation [discharge from the military] may change from time to time, depending on the nature of the current service conduct or status. A member shall be separated under this section if one or more of the following approval findings is met:

- (1) The member has engaged in, attempted to engage in or asked another to engage in a homosexual or bisexual act.
- (2) The member has stated that he or she is a homosexual or bisexual unless there is a further finding that the member is not a homosexual or bisexual.
- (3) The member has married or attempted to marry a person known to be of the same biological sex, (as evidenced by the external anatomy of the person involved) unless there are further findings that the member is not a homosexual or bisexual and that the purpose of the marriage or attempt at marriage was the avoidance or termination of military service.

SINNERS CALLING

Religion has entered the electronic age. Since January, 1992, callers in the United States have been able to dial 1-800-740-FOUR to hear an inspirational message from Pope John Paul II at a cost of \$1.50 per minute, a share of which goes to the Vatican treasury. Then, last month, the Israeli national telephone company established a special line to Jerusalem's Walling Wall. Jews around the world can send pious for those still by dialing 011-972-622222 on their fax machine. A phone company employee staffs the lines into holes in the wall where they join hundreds of other, personally dedicated, lines. Now, officials at the special fax of Roman Catholic Church paragon in Vatican, Italy, have unveiled the latest in technology—a confessional box outfitted with a fax machine and phone line so that busy—or lazy—priests can send written confessions to their penitents. Say three Hail Marys and reverse the charges?



The Tallyho War

The traditional British fox hunt, a favorite pastime of the landed gentry, is rapidly becoming a blood sport between rival bands of humans. Close to 200 hunts take place every weekend during the August-to-March season, with scarlet-coated hunters on horseback and packs of hounds pursuing a terrified fox across field and forest. Now, militant animal rights campaigners belonging to a group called the Hunt Saboteurs Association are trying to slash the hunts in favor of the fox. The HSA has 150 local groups around the country, and each week they disrupt between 50 and 100 hunts. Their members call themselves "sabs" and engage in "sabotage" by blowing hunting horns or whistles to distract the hounds and let the fox get away. Another favored technique is to broadcast tape recordings of baying hounds to confuse the dogs that opponents are not scared. They report the sabs as trespassers and sue them, and many employ private security companies to guard their hunts. HSA spokesman Ben Poxton said that such security police involves a little more than local thugs attacking saboteurs, this fall and winter, he claims, an average of one sabbateer was arrested every month—enough to keep a broken hunt on a broken pre-1940s hunting tradition. "This is the most violent season we've ever had," Poxton added. "It's a war out there."

CRIMINAL ODDS

A recent survey by the Dutch justice ministry presents a bleak portrait of crime around the globe. Sponsored by criminal statistics and government agencies, including Canada's department of justice, the report, *Criminal Victimization in the Industrialized World*, is based on 1989 and 1992 telephone and personal interviews with a total of 25,000 people in 20 countries. *Roundup* were asked whether they had been victims in the previous year of one or more crimes, including theft, assault and sexual assault. The report's authors caution that the survey did not reflect the seriousness of the offenses or the number of times respondents have been victims of such crimes.

Five highest rates

New Zealand	21.6%
Finland	20.4%
Canada	19.3%
Norway	18.5%
United States	17.4%

Five lowest rates

Belgium	14.3%
Germany	14.0%
Netherlands	13.6%
U.S. District	14.1%
Japan	9.2%

PASSAGES

BORN: To Pontiac opposition leader: Bernard Bessie, 39, and his husband, Ad Ali Zandani, 40, a baby girl, in London hospital. It was the third child, and second daughter, for Bessie, who, as prime minister in 1990, became the first leader of government to give birth while in office. At week's end, a Pontiac court clerk Gavriel, who had been in prison for two years, on last he has been acquitted of most terrorist charges against him, but his wife still faces trial on the charges of corruption and murder that led to her being dismissed from office in August, 1990.



DIED: Academy Award-winning writer and director Joseph Losey, 83, in hospital near his suburban New York City home. Among his screenplays were *Al About Eve*, *Suddenly Last Summer* and *Sinbad*.

BORN: Pontiacian Harold Watch, 65, who helped found the Co-operative Commonwealth Federation, a forerunner of the New Democratic Party, of cancer in a White Rock, B.C., hospital. Watch ran successfully in an British Columbia and seven federal elections from 1933 to 1972.

SUPREMACY: Cincinnati, Ohio mayor George Sollitt, 64, from major-league baseball for one year for having admitted ethnic and racial slurs, by baseball's executive council.

APPOINTED: Former P.E.I. Liberal premier Joe Libby, 46, to a one-year term in dean of Dalhousie University law school in Halifax, N.S., a 1993 Dalhousie law graduate was premier from May, 1988, to January, 1993.

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AN AMERICAN VIEW



The new U.S. enemy within: homosexuals

BY FRED BRUNING

Born to death in October outside the Sasebo naval base in Japan, American seaman Allen Schindler suffered such a monstrous punishment that his mother said she could already feel the remains only by touching an her son's forearms. Bashed skull, right biceps rim, slashed penis—Schindler was dispatched in what must have been a macabre what was of homosexual force.

The U.S. navy says it will bring murder charges against another sailor in connection with the attack, but authorities have had little to say about either. Friends, family and supporters of Schindler contend that there really isn't such a mystery. By whatever means, his murderer says the reason was hatred.

A month before his death, Schindler, 22, informed the navy that he was homosexual, and, accordingly, an administrative discharge was in the works. Military rules banned gays. Schindler had to be processed out. Gay activists say that Schindler's insistence simply took possession of policy to a psychopathic crime. Schindler was different enough to be despised by the navy, different enough to die.

However subordinated, the case of Allen Schindler provides stark backdrop to the debate now raging about gays in the U.S. military, and serves as a reminder that passions on the subject of homosexuality run as passionately deep. Often the targets of change in the United States, gay men have been victims of military protocol, as well. It is the family before, Schindler was gay-bashed to oblivion, and would be fully to suppose that a 30-year-old military has an homosexuality played no part. As black Americans can attest, discrimination is a pervasive force that encourages in its most ardent devotees a sense of behavior both brutal and lethal. Tragedy is not inevitable under such circumstances it is inevitable.

The White House wants to clean up the mess. While campaigning last year, Bill

'You couldn't put two in the same foxhole because they'd have their clothes off in a minute,' proclaimed a N.Y. state legislator

Clinton said that he promptly would overturn the order banning military service by homosexuals. Several Clintonian pledges have gone from mere election day—mistletoe-chestnut relief, deficit reduction, relief for Haitian immigrants—but the defining chart marks five either felt due he could not, or should not, require so his promise to liberate the military from its own onerous.

But what do you know? The military declared it preferred not to be so liberalized, and, judging by the phone calls that shouters of congressional overhauls, large numbers of civilians would like the general as quite correct in their stand. Americans are rightly wary of homosexuals. "Queer" jokes abound, and there is plenty of harsh and threatening talk. Anti-gay initiatives passed last November in Tampa, Fla. and Colorado. A New York City radio personality permits staff members to laugh about AIDS on the air. Opponents of the St. Patrick's Day parade in Manhattan threatened to cancel festivities rather than allow gay contingents on the march. When it comes to the rights of homosexuals, the age of enlightenment has yet to last over the medieval shadows. Last of the free, love of the slave? Absolutely—unless

the citizen happens to be one of those. Confronted by a serious homophobic avenger, Bill Clinton finally found enough courage to match his convictions, or at least the poor man tried. After days of wrangling with military chiefs and congressional opponents, the White House announced a compromise, though a rugged arrangement it was. Effective immediately, recruiters would no longer question potential recruits about sexual preferences, and homosexuals would not necessarily be bounced immediately from the service. Hardliners insisted, however, that authorities retain the right to bring discharge proceedings against gays and remove them from active duty. Meanwhile, the Pentagon will draft a proposed order eliminating the ban on homosexuals that might or might not take effect on July 15.

Even this modest transaction suited the interests of institute who say that gays would corrupt the military, and, by implication, jeopardize the nation. We are talking serious paranoia here, therefore, discrediting a genuine. Opponents march about AIDS, declining troop morale and loss of privacy. They warned of same-sex bachelors in the bar racks, and on the battlefield. "You couldn't put two in the same foxhole because they'd have their clothes off in a minute," proclaimed John Babin, a New York state assemblyman. Fighting talk show hosts went ballistic and sought a grand opportunity to humiliate the media. Democratic President, Republicans pressed a legislative fight.

Antennae to the squid and limber, one might have feared that the state had been relied upon from contractors' touch and that America again faced an enemy within. Some of the complacency even had the warped elegance of Jack Nicholson's demeanor in the blockbuster movie. *A Few Good Men*. "The military is a highly structured society, closely knit, lacking many of the freedoms and liberties of the civilian world," said Bernard T. Tanager, a retired marine general, now at Harvard University. "It has its own ethical criteria of its well-being and performance. It should not be tampered with lightly."

But here is a day problem for leaders and others who ought. Blasphemous gays and lesbians do not fall from some alien planet but from the American republic. Sexual preference does not define a separate class any more than color, religion or race. That's the deal with democracy—equality for everyone. If lawmakers in Congress and at the Pentagon don't yet grasp the concept, they are advised to seek counsel help in elementary civics.

Like their strategic neighbors, homosexuals are protected by the very constitution the military is sworn to preserve. If there were any doubt on the matter, a federal judge in California last month reaffirmed the status of equal protection by striking down the anti-gay law within his jurisdiction. As the joke goes, America is not threatened by homosexuals but by those who would arbitrarily deny any group its civil rights. Better to temper the zeal of the military than compromise the constitution.

Fred Bruning is a writer with Newsday in New York.

GETTING ACQUAINTED

AMID UNCERTAINTY OVER HIS FUTURE, BRIAN MULRONEY TRIES TO BUILD A RELATIONSHIP WITH BILL CLINTON

They met for the first time last week, both beaming girls, and with the boy's—let's introduce us all two strangers who have been assured by mutual acquaintances that they will get along. In the recently refurbished Oval Office of the White House, with its new ivory brocade curtains and fresh coat of white paint, Prime Minister Brian Mulroney presented his host, President Bill Clinton, with an Irish whiskey coming and a compact disc collection of Canadian pop music. For his forthright-leader guest, Clinton had a Bixbees Cowboys jacket, autographed members of the Super Bowl championship team, and the draft of a VHS speech that President Bill Clinton would read at Queen's University in Kingston, Ont. And at the end of their 3½ hours together, both men expressed the personal wish that their new relationship would continue in as equally cordial a way. "The people of Canada," Clinton, "should know that the United States is still their friend and partner."

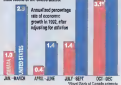
Prior to the meeting, aides to both leaders said that discussion of any specific issues would take second place to the priority—winning Clinton and Mulroney the opportunity to build a personal relationship during their first face-to-face conversation. Said one White House aide before the meeting: "There is no grand speech." In fact, the discussions revolved on a wide variety of mutual and complex interests, including the prospects for economic

growth in Canada and the United States, the yet-to-be-ratified North American Free Trade Agreement, ongoing international talks over the General Agreement on Tariffs and Trade and the crises in Somalia, Haiti and the former Yugoslavia. At the end, neither Clinton nor Mulroney made any significant announcements about bilateral matters. Instead, the President offered praise that sounded both effusive—and studied. Declared Clinton: "The United States has historically admired a more alternative leadership without the support of Canada."

But on bilateral issues, Clinton, whose personal experience with Canada is limited to two brief trips, often appeared to be relying on observations memorized from a briefing paper. In a post-meeting news conference, Clinton displayed little in-depth knowledge about Canada. Instead, he left his officials' questions, including the reference to the fact that Canada and the United States share "the world's longest undeclared border." He also asked that Canada in the United States "begin to trading partners—well, released reporters that the two countries have enjoyed powerful relations since the end of the War of 1812. Mulroney, for his part, chose to stress that Canada is at a crucial opportunity to the United States. "The relationship," he declared, "is by far the most important one the United States has in the world."

LAGGING BEHIND

As his fellow Conservatives get ready to fight a general election this year, Prime Minister Brian Mulroney can only gape anxiously at the economic backslide of the United States.



In fact, as many Canadians are rightly aware, their country's performance to the United States is a topic that few Americans bother to consider. Mulroney's Washington year attracted little media interest south of the border. Similarly—and perhaps typically—almost all of the comments for the meeting originated in Ottawa, rather than Washington. Said Gordon Krutche, Canada's former deputy chief negotiator in the 1985 free trade talks: "Whenever President Clinton leaves about Canada, he leaves from visiting his briefing papers the night before. It is a given that a new acquaintance will be probably uncomfortable about Canada-U.S. issues."

As a result, Canadian officials began pushing for a Mulroney-Clinton meeting almost from the day of Clinton's Nov. 3 election victory over former president George Bush. Underlying their sense of urgency were fears that Mulroney's relationship with Clinton might be cooler than the warm one he shared with Bush. In fact, according to Mulroney's own secretary, Mark Entwistle, Bush and the Prime Minister held such frequent telephone conversations that it was "hard to keep track of how often they spoke to each other." Added Charles Dorian, a Canadian affairs expert at Johns Hopkins University in Baltimore: "The relationship between Bush and Mulroney

Mulroney and Clinton saw an opportunity to build a personal relationship

was clearly a case of two leaders who just liked each other a whole lot."

After the U.S. election, some federal officials privately expressed concern that under Clinton, Canada-U.S. relations might suffer. One small but worrying sign of that has been Washington's divergence in announcing a new ambassador to Ottawa to replace departing former Bush adviser Peter Trökes. Officials here also said Clinton, with little international experience, may not appreciate the importance Ottawa attaches to the tradition that a new president's first trip abroad should be to Canada. Said one Mulroney aide after the meeting: "We know that if we put them face to face, everything would be fine. But it was frustrating trying for that to happen."

Last week, both leaders acknowledged that their meeting was little more than a "beginning." The careful courtesy of their conversations—in which they referred to each other as "Mr. President" and "Mr. Prime Minister"—stood in sharp contrast to Mulroney and Bush's first meeting, after bestowing friendship. But Clinton's dealings with Mulroney may also be colored by another issue: uncertainty surrounding the Prime Minister's political future. Although Mulroney clearly enjoys speculation over his plans—and complained bitterly to his aides about such media coverage earlier last week—questions about his intentions are also

being asked in the United States. Indeed, during a press interview on Saturday, the Prime Minister was asked whether he will run again. Mulroney smiled and replied, "Stay tuned." But Mulroney has learned that Mulroney plans to visit at least Boston and Ottawa in early March and is unlikely to make any announcement about his future until after the trip is completed.

Said Fry, a Canadian studies expert at Utah's Brigham Young University, and that the strong possibility that Mulroney will in their step down or be defeated in an election later this year is likely to make Clinton's dealings with the Prime Minister "inconceivable." Added Fry, who has briefed Clinton's advisers about Canadian issues since the presidential election: "There are some questions marks here." And, noted Dorian, who also advised the Clinton team: "The uncertainty over the Prime Minister's side, at the least, great complexity in the relationship. One leader is entering his time in office—the other may be coming to the end." Within the last month, Mulroney has said farewell to one president and formally welcomed another. Now, both men could contemplate the possibility that soon it may be Clinton's time to return to the country.

ANTHONY WILSON-SMITH with
MILAN MACDONALD in Washington and
GLEN ALLAN in Ottawa

BOURASSA'S BATTLE

Quebec Premier Robert Bourassa resumed the National Cancer Institute at Bethesda, Md., for the first of two highly experimental cancer treatments. Bourassa, who was first diagnosed in having that cancer in September, 1990, had a cancerous growth removed from his chest in early January. Specialists and that the effectiveness of the treatment in attacking the cancer can be assessed by the end of April, when Bourassa should know if he will be able to return to office.

DISPERATE TIMES

In a dramatic shuffle, Ontario NDP Premier Bob Rae resigned his ministerial government, creating opportunities for controversy and trade. However, the resignation and subsequent cabinet reshuffle through reorganization, however, the number of ministers increased from 25 to 27, with seven ministers without portfolio.

EQUAL RIGHTS

The House of Commons approved a constitutional amendment that enshrines New Brunswick's status as a bilingual province in the Constitution. Premier Frank McKenna said that the move will protect the rights of both anglophones and francophones, who make up one third of the province's 725,000 population.

BECOMING LAW

Bill C-50, Ottawa's third patent legislation, received royal assent after being passed by the Senate, making it law. The law ends Canada's system of compulsory licensing, under which generic drug manufacturers must produce cheaper versions of drugs before the expiry of a pharmaceutical company's 30-year patent. Critics claim that the law will end up costing consumers billions of dollars.

MARTINE TRAGEDY

Union organizers called for a worker action today following the death of three Nova Scotia seafarers drowned in the Jan. 30 sinking of a tugboat off the southwestern tip of the province. Eleven crew members were rescued after the accident.

AUDITOR UNSURE

Reacting to what he said were inaccurate remarks, Federal Auditor General Dennis Austin said that he is unsure whether the federal government broke its own rules last year by violating constitutional budget contracts without meeting competitive bids. An aide to Dawkins added that the auditor declined to say whether he intends to investigate the wording of those contracts.



David Inlet last summer: a graphic symbol of an inextinguishable Canadian tragedy

Horrors in Davis Inlet

Gas-sniffing kids prompt a rescue mission

They begin of human misery are everywhere. There is no running water or sewage disposal—and many of the village's tiny ramshackle houses, some of which house as many as 30 people, lack proper heating. Photos of well-dressed and barefoot children who are left unsupervised by parents who are often too drunk to care. Many of those same children suffer from tuberculosis and also malnutrition caused by poor hygiene. Worst still, local health workers estimate that as many as 50 per cent of the town's 500 residents have attempted suicide. And it was one of those suicides—when five girls and a boy aged between 12 and 16 tried to kill themselves by sniffing gasoline fumes on Jan. 26—that brought government officials from Ottawa and St. John's to Davis Inlet, a desolate town community on a strip of the northwestern coast of Labrador. Their mission: to discuss the future of the community and to extend for the six youths with local leaders.

The isolated settlement has long been a ghetto of poverty and despair. But as reports of the gas-sniffing epidemic, Davis Inlet, in all of its pathetic squalor, became a graphic symbol of an inextinguishable Canadian tragedy: the seeming inability of governments to provide services in remote communities with a healthy, prosperous existence. For her part, Davis Inlet Chief Kelle Koch says that many of the town's problems could be solved if Ottawa and the Newfoundland government allowed the community

to relocate to its traditional hunting grounds near the Sagle River on the mainland, several kilometres west of the island that, according to Indian and Northern Affairs Minister Thomas Siskin, "that will take a few more years of negotiation and study."

The time, a suburban native people, are used to waiting. For 6,000 years, Inuit hunters and their families traded the caribou across the frozen interior of Labrador. With the coming of the fur trade in the 17th century, nomadic tribes began settling near trading posts such as Old Davis Inlet on the Sagle River. By the time the fur trade died out in the 1890s, many of the Inuit, who had abandoned their traditional subsistence culture, were starving. In 1948, the Newfoundland govern-

ment moved some of the town 400 km north from Old Davis Inlet, in search of better hunting grounds, but many of them returned. Finally, in 1967—Canada's centennial year—the town of Old Davis Inlet were moved to Sukowick Island and the new community of Davis Inlet, in part to foster a local cod-fishing industry. Still Koch: "When we moved here, we were promised water and sewage treatment, but we never got it."

In fact, Ottawa and Newfoundland, which share responsibility for the town people under the terms of Newfoundland's entry into Confederation, agreed two years ago to spend \$4 million on a water and sewage system and a new health clinic. But the project was shelved after local leaders proposed moving the community to the mainland. In 1985-1991, the most recent year for which figures are available, the two levels of government spent a total of \$2.6 million, or \$5,600 per person, on services such as education and housing in Davis Inlet.

Like many native people in remote communities across Canada, the residents of Davis Inlet appear to doubt that change for the better will ever come. Indeed, five days after native Coast Simon Jacobson discovered the attempted suicides, he found another five children, aged between 6 and 12, sniffing gasoline under a house. "Suicide is the major problem I deal with," Jacobson said. "I see no hope here, but a treatment centre would help." Added Klaus Isaac, a policy adviser for the Assembly of First Nations: "They are a nomadic people and they have been put on an island. It has taken many their spirit."

When the federal and Newfoundland officials arrived in Davis Inlet at week's end to consider the problem, the town leaders said their determination to press ahead. Native leaders said by the time the town is a large part of the island, the islanders will be a traditional setting that had members and agreed to live there their traditional way of life. Said Isaac: "They have started something here, but in order for it to grow into something beyond just surviving, they have to go to St. John's."

When the morning ended, town leaders asked government officials to take the children with the worst gasoline-sniffing addiction, along with their families and nannies, to the Foundation (Niska Centre), a native addiction treatment centre near Edmonton. They also asked the government to establish a new treatment centre for the natives in Labrador, and to finance the training of a community resource team that would deal with local cases. Said Sen. Nitson President Peter Penick: "The approach is to not only deal with the kids, but also to deal with the community. It's a holistic approach, not a Band-Aid solution." For many residents of Davis Inlet, that solution cannot come too soon.

TOM FENNELLS with NANCY WOOD in Ottawa and correspondents' reports

CANADA

Fear in the hallways

Extortion is common in high schools

When 18-year-old Toronto high-school student Jason Whittle approached his fellow students in the washrooms of Danforth Collegiate and Technical Institute, it was not to say hello to him, the steady friend, 16-inch Grade 10 student wanted to recruit them into proving \$1 cash on the bushes. If they failed to comply, he threatened his return with violence. Whittle was eventually arrested, and in January, Mr. Justice John Hamilton of the Ontario Court sentenced him to 16 months to go. Although school principal might have been around as long as there have been schools, police across Canada say that extortion and extortion in high schools has now reached epidemic proportions. "It is even creeping into the elementary schools," said Insp. Gordon Legg of the Halifax police department. "There are students who see violence and extortion as a way of life. They get what they want."

Across the country, police and educators are beginning to fight back. In Ottawa, school officials have adopted a "zero-tolerance" approach—warning to press charges against any student who is caught trying to extort money from others. In Calgary and Edmonton, police officers are attempting to stop violence before it happens by spending time in schools and gaining the confidence of students. In Toronto, where high school extortion appears to be most common, police are urging school officials to phone police in areas as they suspect a problem. Said Danforth Technical principal Douglas Longhead: "The police officers assigned to our school respond very fast."

Even so, police say that fewer than one in 50 cases involving extortion and violence is reported, because many of the victims are too frightened to talk. They add that the problem seems to be getting worse as students gain increasing access to weapons, particularly knives. Last year in Calgary, police say, a 17-year-old boy who had sex with a female student attempted to blackmail her into becoming a prostitute by threatening to tell her parents, both deeply religious, that she was no longer a virgin. The girl ultimately reported the incident to her guidance counselor, who notified police. In Ottawa, bullies sometimes threaten to harm students as soon as they arrive at school. In another Ottawa case, a group of adult students ordered a boy to pay them \$5 in

protection money. Forced to steal money from his parents, he finally broke down and refused to go to school.

Among students, the slang name for that kind of activity is "tasing." In some cases, says Gordon Ratschak, a detective with the Metro Toronto police armed crime unit, students have



Thomas: 'The sentence served as an example'

been known to levy a \$5 penalty on students who dare people of other color. More often, students are forced to pay for the right to pass through a door or to sit in a certain spot during a sporting event. The penalty for non-compliance is violence. "Taking goes on every day in every school. If they don't pay, they get the crap beat out of them," Ratschak said. And a lot of the time, when they do pay, they still get beat up. Right now, the most common source of violence in a school from a safety point of view.

Not in the problem of extortion confined to high schools in large cities. Frederick Mac-

donald, a Toronto community worker who usually is asked to speak about the problem of youth crime, says that bullying is rampant in most schools as well. "The level of violence has become more intense," said Matthews. "Because now you are adding guns and knives."

Matthews added that many students feel coerced to join gangs "because they don't see anyone doing anything about the bullies."

Some school boards, in fact, have adopted tough statements on school safety and have introduced new security measures. Donald Wickett, superintendent of schools in the Toronto schools of Etobicoke, says that his board has installed closed-circuit television cameras in isolated restrooms and corridors and has sent principals to ask police whenever a crime is committed.

But police say that before the bullets and gangs are vanquished, more must be done to follow school's lead. According to Ratschak, many principals decline to take action publicly because they are worried about the image of their schools. In some cases, police have even had to visit school officials in their homes to discuss reported cases of extortion because the officials do not want police at their schools. Said Linda LaRoque, superintendent of special education for St. John's, who is spearheading the board's Anti-Bullying Project: "The first thing a school has to do is to let all that there is a problem. We have to share in this—students, teachers and the administration."

Indeed, the fact that Danforth Technical students know that principal Longhead is determined to combat the bullying problem already seems to have had a positive effect. Leona Thomas, an 18-year-old Grade 13 student who is president of the school's student council, says that while many of its peers resist having police visit their school, they recognize that Longhead's tough stance has improved the school atmosphere. "A lot of people should be going to Longhead," said Thomas. "Students speak with the teachers, because it serves as an example to others." Still, Thomas adds that many Danforth students still carry knives, either for protection or because it is fashionable. Until parents and teachers find a way of instilling greater discipline among young people, school bullies will likely continue to operate with impunity.

TOM FENNELLS





Depressed voting at their camp to reject Israel's compromise offer: 'The ball is now in the UN Security Council's court'

WORLD

DEADLOCKED

His tenacity in negotiating the release of 52 American hostages in Iran won him the Nobel of Peace—in 1981. But even when Christopher's renowned diplomatic skills were not up to the challenge last week, President Bill Clinton's new secretary of state managed to convince the Israeli government to compromise on its intransigent demand to deport 415 suspected Palestinian radicals to Lebanon in December—Israel offered to allow about 200 of the deportees to return home immediately and release the balance of one for the next three years. But he was unable to convince Arab leaders that Israel's offer met the conditions of

PALESTINIAN DEPORTATIONS BY ISRAEL THREATEN MIDDLE EAST PEACE TALKS

United Nations Resolution 796, which calls for the swift deportation of all the deportees. And Christopher argued even more strenuously by assuring Israel that the United States would veto any UN Security Council resolutions against the deportees. Israel Prime Minister Yitzhak Rabin accused the expulsion of 415 Palestinians accused of being ringleaders of the recent gross Islamic Jihad and Hamas in the occupied Gaza Strip and West Bank. Hamas, which opposes the U.S.-brokered Middle East peace talks, is a driving force behind the five-year-old intifada, or uprising, against Israeli rule in the territories. Rabin warned the new, hard-line Israeli government, to take over the Lebanese border and let in as many as half a million between Israeli and Arab army lines. They included doctors, engineers, professors, technicians, journalists and Islamic clerics.

After Lebanon refused to accept the deportees, contrary to Israeli expectations, the UN Security Council unanimously demanded the immediate return of all the men from the no man's land and demanded the expellees in a violation of international law rights. But Rabin, insisting that the deportees are a threat

threats for peace in the Middle East "can also stop it too easily," announced that his secretary of state would visit the region next week. He has said, Christopher told reporters in Washington that "The no peace process back on track at a very early time." But analysts said that Christopher faced a daunting task in trying to gain the confidence of Arabs, who question why the United States has been quick to punish Muslim states such as Libya and Iraq for defiance of the resolution, while refusing to support sanctions against the Jewish state. "We've always had a special relationship with Israel," said William Quandt, a senior fellow at the Washington-based Brookings Institution, a non-partisan think-tank. "If we can use that influence on foreign Israeli policy, then our credibility will go up. But if it's just a warm and cuddly embrace and nothing happens, then the [Israeli] confidence grows."

Quandt predicted that Washington will not try to dispel the impression that it tends to act against Arab interests. The Clinton administration, he said, will likely press Israel to impose a freeze on Jewish settlements on the West Bank and to take other steps to moderate its policy in the occupied territories. But Yoram Winer, a Middle East specialist at York University's Centre for International and Strategic Studies in Toronto, says that Arabs should not expect too much from Israel's Labor government. Still, Winer says, "The government does not have a lot of latitude. It cannot reject further on the deportations matter without serious domestic political repercussions from the right."

The controversy over the deportees began on Dec. 17 when, following the killings of four Israeli soldiers and a border policeman by Muslim militants, Israeli Prime Minister Yitzhak Rabin ordered the expulsion of 415 Palestinians accused of being ringleaders of the recent gross Islamic Jihad and Hamas in the occupied Gaza Strip and West Bank. Hamas, which opposes the U.S.-brokered Middle East peace talks, is a driving force behind the five-year-old intifada, or uprising, against Israeli rule in the territories. Rabin warned the new, hard-line Israeli government, to take over the Lebanese border and let in as many as half a million between Israeli and Arab army lines. They included doctors, engineers, professors, technicians, journalists and Islamic clerics.

Now, both Israeli and Arab organizations say that the Middle East peace talks are unlikely to resume before mid-April after the Muslim boycott month of Ramadan and the Jewish Passover. Muslim clerics have urged the boycotts that the deportations presented for Israel, analysts said that the Palestinians, who have the most to gain from the peace process, will have to block Israel. Yitzhak Rabin, military commander for the Israeli Air Force, said, "It is clear that the Arabs have learned their lesson from the Israeli-Arabian experience. It is clear that they understand that the only way who can pressure Israel is the United States that they have also learned that once a Israeli makes mistakes, the United States is not going to abandon Israel."

ANDEW WALSH and JULYAN MACKENZIE
in Baghdad and ERIC SILVER in Jerusalem

In the security of the Jewish state, he not lodged. Fisheries men determined to have been deported by mistake were allowed to return home and another town with Israeli problems are in hospital in Israeli self-declared security zone in southern Lebanon. That still leaves 260 Palestinians stranded in a snow-covered, makeshift tent camp at Marj as-Zuhayr, long on food supplies but by sympathizers from nearby villages. As a show of Israeli in front of television cameras last week, the deportees unanimously rejected Israel's compromise offer. The Palestinians said that agreeing to the return of just some of the men—who would likely be jailed—would appear to recognize the legitimacy of the expulsion of the rest and open the door for deportation of thousands more Palestinians from the occupied territories. They also rejected an Israeli offer to fly in aid supplies because, an spokesman Abdel Aziz al-Nabha explained, "It is part of the deal that aims at transforming our case from a political to a humanitarian issue."

Added Rabin: "The ball is now in the UN Security Council's court. It is either respects its decision and forces Israel to abide by [Resolution 796] or there is no need for it or the UN exist."

The deportation issue remained a political and diplomatic hot potato for Rabin. In the Knesset, or parliament, he has challenged the legality of expelling the Palestinians in the first place and argued it had become a public relations disaster for Israel. Rightists denounced the Labour government's offer to allow even a partial return of the deportees, saying it amounted to capitulation to U.S. pressure and a victory for Islamic fundamentalists.

Last week, the Israeli press machine was holding its ground. He told a security session of the Knesset that he still believed that he was right to expel the Palestinians, calling it "an emergency decision that in the past 30 years no government in Israel dared take." He also declared that, even under the compromise agreement with Washington, Israel retained the right to deport more Palestinians. Still the Prime Minister: "The principle of our ability to remove for a limited time hundreds of enemies, leaders, engineers, mechanics."

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ANDEW WALSH and JULYAN MACKENZIE
in Baghdad and ERIC SILVER in Jerusalem

World Notes

AMERICAN JUSTICE

Spending that "money as it goes on all hands to face the music." President Bill Clinton warned Americans that deficit spending cuts will be necessary to solve domestic economic problems. U.S. defense officials said that the Clinton administration has already reduced them to plan for a cut of up to \$13 billion from former president George Bush's proposed \$20-billion fiscal 1994 defense budget. Clinton, who wants to back out the sluggish economy without cutting defense, is now planning to delay and second spending to reduce the projected \$490-billion budget deficit, plans to detail his economic program in a state of the union speech next week.

HELP FOR SOMALIA

United Nations Secretary General Boutros Boutros-Ghali said that UN troops could be sent to war-torn famine-plagued Somalia within weeks. The UN peacekeepers would replace a U.S. force of about 30,000 troops, including 1,203 Canadian troops, which has been protecting relief efforts from civil clan violence.

PEACE ON HOLD

In a break with European partners, President Bill Clinton pushed Bosnia Muslims to accept an international peace plan for Bosnia-Herzegovina. Clinton said that the plan is under the Bosnians, who have lost much territory to Bosnian Serb forces and often heavy casualties. It would force Bosnia into 10 cantons, largely along communal lines, with a weak central government to prevent domination by one group.

ALIENS IN THE CLOSET

U.S. Senator Judd Gregg's withdrawal her name from consideration as U.S. attorney general after critics charged that her boyfriend was an Iraqi spy for seven years. Last month, reportedly lawyer Zolt Rabin, President Bill Clinton's first nominee, pulled out after a public outcry over her being a friend of Iraqi spies.

HARRIER DEFENSE

United Nations troops left Bosnia after failing to persuade its military leaders to co-operate in plans for a reformation of democracy. The UN had begun sending about 500 UN troops to monitor Bosnian human rights abuses as a first step in the process of returning deposed President Josip Vranjic to power. Before a Washington meeting with Ante Gotovina, Secretary of State Warren Christopher said that the United States was considering tightening sanctions against Bosnians.

THE NEW RUSSIANS



More than 600 fans crowded into the ballroom of Moscow's Sheremetyevo Hotel to watch the Dallas Cowboys defeat the Buffalo Bills 50-17 last week, thanks to a satellite television linkup that would broadcast throughout the four-hour Super Bowl broadcast from Pasadena, Calif. As Russia shakes off its Communist past, Moscow and other cities increasingly are forging links with the global television village. Still, Moscow remains half a world away from California. Most of the fans who paid \$15 each to stay up until dawn Moscow time to see the game live were English-speaking expatriates—American mainly, with some Canadians and a sprinkling of curious Australians and Germans. But the scene in the hotel ballroom, where

THE FREE MARKET HELPS SOME RUSSIANS CHANGE THE FACE OF THEIR COUNTRY

American beer was selling for \$3.75 a can, illustrated another aspect of life in Moscow: the growing array of foreign goods and services that are available to anyone with U.S. dollars or some other stable foreign currency to spend. Meanwhile, out far from the luxury hotel, groups of homeless beggars rejected the handout that faces many Russians as they struggle to revitalize a ravaged economy, and build a new society from the wreckage of the Communist past.

Indeed, the new Russia is characterized by striking contrasts and fierce conflicts. As President Boris Yeltsin battles his political opponents over his attempts to restart the crumbling economy, inflation is threatening to swamp out all control. And while Russians remain divided over

Yeltsin's attempts to revitalize the economy along free enterprise lines, huddling Russian businessmen, many of them operating almost exclusively in U.S. dollars and often earning huge fortunes, have begun to revitalize some aspects of Russian life. With Western money comes Western tastes: fast cars, cinema and strip clubs proliferate in Moscow and St. Petersburg. Gorge shows, including a Russian version of "Wired for Fear," draw huge audiences as television, and billboards around the capital advertise Coca-Cola, literary perfume and Swedish chocolate bars. But at the same time, for many Russians the end of Communism has simply created a steep decline in their standard of living.

Russia is a society as wide as the latest in Western technology and consumer goods co-exists with shabby local goods and the still-functioning remnants of the Soviet system. Typically, some lines go home from the Sheremetyevo Hotel look advantage of one of the few bag girls still remaining to Russians, a state-subsidized ride on the city's Metro, or subway system, that costs just three rubles (less than one cent). Despite economic chaos and political turmoil throughout, the subway system which boasts more separate lines and 128 stations, continues to carry eight million passengers a day. Subway officials claim that trains run every 90 seconds during rush hour. But many Muscovites counter that the service is worsening, with slower and fewer trains, overcrowded and dirty cars—and no shelter development with Western counterparts—more crime.

Stalls: To be sure, shortages—rare in the Communist era—do occur as the subway and officials now want riders to watch out for pickpockets. But Igor Geyer, the system's assistant director, maintained that the service had remained remarkably consistent despite Russia's current difficulties. Geyer blamed the rising chorus of complaints on increased expectations. "We used to mind waiting for three minutes for a train," he said, "but now they complain about everything."

Outside the entrance to Moscow's Red subway station, an untidy flea market is an example of capitalism catering to Muscovites of modest means. Right across the street, the Sheremetyevo Hotel, with its air-conditioned, opulent at a mass expense level, inside, another economy operates for those lucky enough to possess hard currency. But even there, visitors collide with the harsh realities and underlying homelessness of Russian life. In January, an underground food kiosk sold the sables that connects the Sheremetyevo to Moscow's central telephone exchange. A hotel that relies heavily on efficient communications to attract businessmen, the Sheremetyevo was without telephone service for five days. The bottom line is, it is still Russia.

Meanwhile, other Moscow residents put up with the heavy state and crowded lines of the chronically underfunded city telephone system that still uses cables installed before the 1917 Bolshevik Revolution. Some residents of the outer districts of Moscow have been waiting years to

have telephones installed. Indeed, most Russians would regard a five-day telephone disruption as a minor inconvenience.

In general, Muscovites complain about "Muscovitis," as they often call the new Russia in experienced conversations. A case in point is the confusion over exit visas. In theory, as of Jan. 1 Russians are free to travel abroad without the exit visas that they required during the Soviet era. But new Russian passports are not yet available and border guards are turning back travelers who do not have the proper exit visas in their still-issued Soviet passports. According to Interior Minister Viktor Ibramov, the reason for the delay in issuing new passports is that Russian legislators cannot decide on a national seal for the document's front cover. Some disputes in the Supreme Soviet favor the traditional double-headed eagle, a symbol dating from the pre-revolutionary

Czarist era. Others want to retain some version of the Soviet-era hammer and sickle. Still, individuals, remnants of the Soviet era, are still loyal to Russia's love for glory, or black humor.

Civilty: But Russians are nothing funny about inflation as they battle price increases that average 30 per cent a month for most consumer goods. Typically, high-quality meat sausage currently costs about 1,250 rubles a pound, up from about 50 rubles a year ago. A package of American cigarettes has risen to 300 rubles from just 17 rubles two years ago. Even the cost of dying has shot up. A simple funeral now costs 1,500 rubles, compared to 250 rubles in 1991. Certainly, Russian political leaders have done little to lighten the mood.

Stagnation: Viktor Ibramov was acting prime minister and the chief advocate of a tight money policy, and last week that massive government subsidies to unproductive but politically influential state industries—including some that occurred while he was in power—directed to push Russia into hyperinflation. Economists define hyperinflation as general price increases of more than 50 per cent a month.

In a speech to parliament last week, Yeltsin was just as glowing, blaming government and inflation on the factory-based policies for the collapse of the national economy. Said Yeltsin: "Industries and businesses received 3.5 trillion rubles [157 billion] subsidies during the last few months, without appreciating where the money went or how it was used."

In fact, large and inefficient state enterprises lost over from the Communist era constitute one of the most serious obstacles to Yeltsin's economic reforms. During the past year, by official count, the Russian government has sold 44,000 former state enterprises, including restaurants, stores and other small businesses, to employees and other private buyers eager to jettison a part of the new economy. The sell-off of government-owned, or replaced GULAG as prison enterprise, to observe that Russia is becoming a nation of shopkeepers. But privatization has barely begun to affect the larger enterprises that still claim costly state subsidies. Later this year, some 5,000 large firms, each with assets of more than \$300,000, will finally be auctioned off. The companies include Moscow's famed OJSC department store on Red Square and the Rostov-Bryansk Tractor Factory in Volgograd. The sell-off will end the need for government subsidies. But it is likely to create another problem: rising unemployment as the inefficient firms cut surplus staff or sink into bankruptcy.

Gera Russia's severe economic problems, it is hardly surprising that there is growing skepticism with the current climate. A recent poll by Moscow's 125-Supermarket Tatars-Market Group and the "Pravda" Press found that only 10 per cent of 3,000 Russians interviewed wanted to return to Communism. But 35 per cent said that they were growing



Viktor Ibramov
discusses
Russia's
economic reforms

wary of the country's flirtation with democracy. Many respondents said that they would prefer the traditional Russian solution to discordant times—a strong leader. Such links to old versus Gorbachev politics, a former Marxist theorist and one of Putin's chief aides and advisors, said Barbalet. "The task is onerous. No one has ever managed to move directly from a totalitarian system to fully fledged democracy," Barbalet added. That he could envisage Russia coming to resemble certain Latin American societies, in which a dominant upper

class allied to a potent regime rules over a politically powerless middle class, while workers struggle to survive.

Wailing. Pensive with such a view, a 37-year-old electrical engineer, Sergei Andreyevich, scolded, "It's like 'I Come of Age' like many Russians, wants that the country has always been like that. Andreyevich divides his time between working at a job at a Moscow-state automobile plant and running up a new business to manufacture appliances for sale on the private market. But he has not yet seen the fruits of reform that would mark him among the city's new wealthy. He and his wife, Galina, 31, an office bookkeeper, have two sons, Dmitri, 16, and Ilya, 7. They just finished income of 26,000 rubles (about \$50 a month) above average but with food costs rising steeply. The Andreyevs have eating habits that hark back to the Soviet era. For a brief period last year, before rationing took away their buying power, they were able to sample some imported foods. Now, however, the Andreyevs rely on the relatively cheap staples of pasta and potatoes, which they buy in bulk and store on the balcony of their two-bedroom apartment. "We are eating lots of potatoes again," says Andreyev with a shrug. "Well, Russians have always eaten potatoes."

They are also eating pickles and preserved vegetables that they grew last summer on a shared plot near a friend's dacha, or country house, outside Moscow. Many other Russians are doing the same, and the early-harvested vegetables. It is not necessarily a bad thing to have to look out for yourself, he added, and better than endlessly complaining about how bad life is. The dark-haired wife promptly contradicted her husband's banishment. "I get tired of going around the stores all the time and buying things just because I know they are going to be more expensive tomorrow," she said. "I would rather buy something I do not need right away than build on to this 'someday money'."



Shoppers in Moscow market: wary of the flirtation with democracy

Although the Andreyevs are less vocal in their disaffection of the Russian legislature, and they sometimes stroll past the building, they talk about their children or making ends meet, and not about politics. And while the two Russians are aware of the scheduled April 11 referendum on a new Russian constitution, they expressed doubt that it would resolve a struggle for supremacy between Yeltsin and a possible next dominated by conservatives who want to slow down his market-oriented reforms. The referendum is supposed to divide power between the president and the legislature, and Andreyevich, but each side wants to be in charge.

Sometimes, too, the Andreyevs go to the Krasnaya station to catch a train. But Andreyevich and his wife have never been inside the nearby Slavianskaya Hotel. "They would stop me at the door with some like this," the fledgling entrepreneur said, pointing to his thick-necked grey plastic helmet. He spoke without resentment. Andreyevich, like most Russians, does not want to return to a time when the best consumer goods were a hidden privilege of the ruling class. His family wants to be able to afford such items as a car imported here occasionally—without worrying about the rapidly diminishing value of the money in his pocket.

MALCOLM GRAY in Moscow

A FRIENDLY LINE OF CREDIT

After more than a year away from politics, Mikhail Gorbachev proved again last week that his presence still drew crowds—even in Moscow. The former Soviet president, who heads a research institute in Moscow, has no official role as government. But last week, he attracted because the centre of attention when he showed up at a diplomatic reception for Barbara McDougall, Canada's minister for external affairs. She was in Moscow for three days, making plans for a state visit to Russia by Prime Minister Brian Mulroney. Dressed in a well-tailored grey suit, Gorbachev appeared relaxed and in good spirits as he chatted with McDougall after a speech that she delivered at the Russian Foreign Ministry. In her speech, she expressed guarded hope that, with help

from Canada and other Western countries, Russia would succeed in establishing a true democracy and a successful market economy. The former Soviet president was decidedly less optimistic. He told McDougall that while he appreciated her remarks, "There are very bad times and things are not going to get better so soon."

Still, in a later meeting with Russian President Boris Yeltsin, who now occupies Gorbachev's former office in the Kremlin, McDougall declared that Canada would resume shipments of grain to Russia—despite earlier debt repayments of \$180 million for past wheat deliveries. During the past two years, Ottawa has granted Russia about \$2 billion worth of concessional loans, most notably a \$1.7-billion loan of credit with the Canadian Wheat Board. But the cash-strapped Russian government is having problems repaying its Western creditors and Ottawa stopped shipping wheat to Russia last September, when Moscow first began missing its debt repayments.

MALCOLM GRAY in Moscow

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MOSCOW DAYS & NIGHTS

Amid economic and political turmoil, a capitalist breed of Russians is creating a new Western-flavored society



A QUEST FOR HIGH STAKES

The Hall of Columns in Moscow's Harem of Ustulova is one of the city's best-known rooms. During the Soviet era, the badges of dead leaders from Vladimir Lenin to Konstantin Chernenko by there in splendor before burial. It is said a fitness place, but for a different reason—it is now a casino called Alexander's Number One Club. Well-heeled, well-dressed customers buy chips with hard currency and place maximum bets of \$5 for each spin of the roulette wheel. At Alexander's, and at 30 other gambling rooms that have sprung up as part of Moscow's fast-growing nightlife circuit, during the past two years, the house's take is subject to a 90-per-cent tax rate-off by the Russian government.

Despite that, Moscow's gambling halls, which range from velvet-draped rooms to sweltering basements where the bouncers risk patting to check their weapons at the door, are flourishing. They attract a few

high-flying foreigners, but the clientele is Moscow's new rich, including well-known athletes, businessmen and representatives of the city's criminal organizations.

Indeed, gambling fever seems to have seized the nation. Capitalizing on the vogue for horses, the Russian Olympic Committee operates a weekly lottery. Lotta Milina, who sells more than five million tickets at the affordable price of 10 rubles (about two cents) a ticket. In a fraction, winners become instant ruble millionaires. Still, one million rubles is only about \$2,000—hardly enough for a down payment on a new car. "It's just dreyvenyaya [wooden money]," Andrei Soloviev, a 57-year-old Moscow hospital doctor, and disconcertingly as he stood before one of the city's hundreds of bright yellow Lotta Milina booths. Bet data, with a slant. Soloviev bought 10 tickets for the next draw. "It's a cheap price for a week's worth of dreaming."

THE HARD SELL

A scourge of communism is currently colonizing the once drab streets of Moscow. Advertising, which the former Soviet regime vilified as a means of enslaving the people, now adorns billboards along busy Gorky Ring Road, surrounding the central city area. Structures in shades ranging from shocking pink to bright yellow carry messages touting Barbie dolls, imported cigarettes and other consumer goods. Tricolor ads, complete with Russian language jingles and voice-overs, gush chewing gum, banking services and French perfume.

But like other aspects of Russia's chaotic lurch toward capitalism, advertising has encountered problems. Michael Adams, Moscow director of the Madison Avenue agency Young & Rubicam Inc., and his local partners of 19 ads sell have a lot to learn. "We're not sure they just give the name of the firm and no other information," said Adams. "Most people watching have no idea what those ads are selling about." Adams says



Billboard in Moscow, an outgrowth of ads

that Russian producers can learn from Western advertising, such as an 80-second TV spot that his firm produced last fall on government-owned vouchers that can be used to invest in former state enterprises. He added: "I like to think that people know more about privatization because of our ad." With every Russian eagerly embracing Western culture and products, the outburst of advertising seems likely to spread



Pet and owner, dog-crazy

A PASSION UNLEASHED

Moscowites are crazy about dogs, especially big ones. For the still comfortable sum of 180,000 rubles (\$290, or 18 times the average daily income), customers can purchase instant status on the boulevards—a pearly retriever strolling at the end of a leash. Persian cats, too, dogs are popular because street crime is increasing dramatically in Moscow. Moscow's streetwise, Dobsonian pacifiers and German shepherds have saved out such smaller breeds as golden retrievers and spaniels as the dogs most in demand, according to the Russian Canine Association, the country's largest association of dog owners. Another trend among pet owners: giving their animals doublets in Russian names. Two favorites: Mickey and Juliet. And city veterinary services spokesman Genadiy Pogodnikov: "I rarely meet a dog with a traditional name like Dazhuk [Forest] any more."

Cat leaders also pay hefty sums for their prized possessions: purrified Persian cats cost up to the equivalent of \$100 each. Lovable pedigree kittens are available for about \$10. And for Moscowites on tight budgets, there are low-price alternatives for sale at the city's busy pet market, where puppies go for as little as five cents and golden for 20 cents.

A THRIVING VICE TRADE

Under Communism, official Soviet society was structured and decorum of social mores were severely constricted. Times have changed. In Moscow and other big Russian cities, indicators in street looks offer one scary comforters along with imported lingerie, dresses and other sexual pastimes. Members of a society that is still shaking off communist-colored propriety are coping with dubious cultural imports as pornography movies and the sex shows. Attracting strip-tease performances has become a favorite activity for many of Moscow's new rich. Even the Hotel Harem Hotel, a Solovayev designer that remains a bastion of Soviet-style virtue, does more and more modestly, now has nightly sex acts and shows featuring young men and women in scanty costumes.

Troubled by the spread of commercial sex, Moscow Mayor Yuri Lushkov has called for a po-



Stripper at a Moscow restaurant: a favored pastime

lice morality squad to combat vice. Police estimate that the city now has at least 10,000 prostitutes, ranging from high-priced call girls who wait on long and in stable rooms to lowly streetwalkers who get perhaps 200 rubles (\$30) per customer. Lushkov has also directed the authorities to crack down on sexually explicit classified newspaper advertisements and such messages as a recent wall ad that blatantly stated "Looking for Heywood girls."

LIVES OF THE RICH AND INFAMOUS

Alexander Larin looks exactly like what he is—a successful, 33-year-old entrepreneur and a member of Russia's new rich. In 1988, he quit his construction job with the state railway system to capitalize on the limited private enterprise then permitted under Soviet rule by forming a building renovation company in Moscow. With his early profits, Larin bought and sold two sets of Zhiguli cars—a profitable venture that



Larin with his prized Jaguar: 'Anything is possible here'

knockdown his pleasure in being able to display such symbols of success as his green 1981 Jaguar sedan.

Still, entrepreneurs tend to remain discreet as a country where many people regard capitalism with suspicion. Said Larin: "Mustn't single out as thieves and robbers who are making off with the country's resources." In theory, Russian entrepreneurs should pay taxes of up to 60 per cent on their earnings. But experts say that most of Russia's rich manage to avoid paying taxes, the rich have to be caught by being into their wealth. One of Larin's business partners recently had a new BMW 520i coupe stolen only a day after he bought it. Instead of turning to the police, Larin ordered company bodyguards to find the thief. He said that he is confident of getting the car back.



Nuclear power plant: devastating effects

AFTER CHERNOBYL

Succession Soviet regime, far from creating a paradise on earth, managed to turn vast stretches of territory into ecological wastelands. The reactor that disintegrated in 1986 in Chernobyl, Ukraine, is the world's worst nuclear accident and was one of the greatest disasters for safety and environmental consequences. According to Ukrainian officials, about 10,000 people have died from radiation-induced diseases caused by the accident. Nearly three million people still live in areas contaminated by nuclear fallout from Chernobyl and doctors have diagnosed more than one out of four cases of disease caused by radioactive exposure. Russian President Boris Yeltsin released a massive report last fall, outlining Chernobyl's devastating effects. It concluded that Soviet policies of rapid industrialization, nuclear arms testing and the careless disposal of toxic and radioactive wastes had made 15 per cent of the former Soviet Union's land mass unfit for human habitation.

Still, officials in the Russian ministry of power engineering remain fiercely proud of their drastically developed nuclear technology and discount Western claims that 15 Chernobyl-type reactors still in use are unsafe and should be closed down. Indeed, the government has approved construction of 26 more Soviet-designed reactors during the next 20 years. But it has not yet set aside the money to expand a nuclear program that has been largely frozen since the devastating explosion in Chernobyl.

A CLASH OF CULTURES

Russia is at war in Western pop culture—most of it stolen. Government officials, who once tried to enforce socialist-realist copyright laws, adesso find that more than 90 per cent of the foreign books, movies and recorded music flooding the country are pirated. According to officials at the Russian Press Ministry, the best-selling book in Russia last year was *Gone with the Wind*, Margaret Mitchell's sweeping 1936 novel of the American Civil War. Running second was another translated classic, Edgar Rice Burroughs's *Tarzan of the Apes*, first published in 1914. Prolet Dostoevsky struck a blow for Russian culture: a collection of his shorter works, titled *Chinovnik Stover*, was the third most popular book. The country's top three pop music albums of 1993 could have come from the playlist of a North American Grunge 103.9 radio station.

The Beatles held down the first and third slots with the *White Album* (1968) and *Abbey Road* (1968). Between them was Golden Bitch by the 1970s Dutch group Shocking Blue. At least three movie theaters and video stores, the 1939 film version of *Gone with the Wind* was the most popular foreign movie of the year, followed by Japanese director Nagisa Oshima's 1976 erotic masterpiece, *In the Realm of the Senses*, and the 1986 *Blindfold*.

expedition of pain and pleasure, *Just Words*, starring Mickey Rourke and Kim Basinger. Meanwhile, Russian writers, doctors and musicians, many of whom lived partly on state subsidies under Soviet rule, are struggling to survive. Last week, the director of Moscow's Bolshoi Theatre warned that unless a temporary home is found for the theatre and its celebrated ballet and opera companies would have to close down for two years. The reason: the Bolshoi's 19th-century building needs extensive repairs. Theatre director Vladimir Kozlovich complained that the government did not appear to be taking the problem very seriously.

Revised charges: doctors may have to be closed



CHRONIC PAIN



A CRISIS IN MEDICAL CARE

The government of the former Soviet Union consistently ignored the high standards and superiority of the state medical system—and carefully concealed its severe deficiencies. Now, with the collapse of the Russian economy, the grim state of the healthcare system has become shockingly clear. A government study published last fall showed that 40 per cent of Russia's hospitals lacked hot water, 15 per cent had no sewage systems and 32 per cent had no water at all. While three out of every five hospitals have X-ray machines, much of the equipment is obsolete or broken. Hospital supply rooms are poorly stocked and doctors complain that they sometimes have to reuse disposable syringes after closing the in with bleach.

Even getting an ambulance in an emergency can be difficult. In theory, 820 ambulances serve Moscow's nine million residents, but more than 100 of the vehicles are usually out of commission for repairs. As well, the vehicles are often unavailable because their drivers are using them as unlicensed taxis. Still, in a graphic illustration of the skewed priorities inherited from the Soviet system, an ambulance driver is likely to make more money than the doctor involved in the same emergency call. According to Oleg Gerasimov, a neuropathologist at Moscow's Semashko Medical Institute, doctors earn between 6,000 and 11,000 rubles (520 to 930 U.S. dollars) a month, while ambulance drivers can earn twice as much.

As the medical system crumbles, overall levels of health among Russians are declining as well. According to official statistics, 90 per cent of schoolchildren have vitamin deficiencies, while half of the country's students are suffering from some form of chronic disease. Health authorities acknowledge that many Russians no longer have their children vaccinated against infectious diseases, often because of concern that the needles are unsafe. As a result, the number of reported diphtheria cases in Russia since rose to more than 1,000 last year, from 46 in 1988. With some unappreciated Russian families postponing having children and the infant mortality rate climbing, Russia's death rate moved ahead of the birth rate last year for the first time since the Second World War. According to health ministry figures, the overall mortality rate increased sharply in 12 of every 1,000 residents of Russia's population of 148 million people. The number of births per 1,000 of population declined to 11 last year from 12 in 1991. It is a grim reflection of the human cost of Communism—and its collapse.

CRIME WITHOUT PUNISHMENT

As a country in its infancy, a Canadian businessman, visiting at the time in Moscow recently gave some advice on overseas investment to three people. The man, he recalled, were polite and asked intelligent questions. Later, the business revealed that his guests were members of a local protection racket, and that the main reason for their visit was to collect 30 per cent of his monthly rental revenues. Muscovites had nearly as much

police. In January, military police arrested an air force general who was roofing some air transport planes under his command to traders slaving to and from China. Bribery is widespread in dealings with Russian officials: from traffic police to senior bureaucrats. In a 1992 survey of about 800 businessmen in 11 cities, one-third of the respondents said that they had bribed government officials during the past year.



Moscow police: not even enough fuel for their patrol cars

wages about "the mafia," as any criminal organization is called in Russia. Crime, rampant from widespread corruption and based in official circles in street muggings and murder, is one of Russia's low-income activities. And, as he launched an on-and-off crusade in January, President Boris Yeltsin warned that if bandit activities could soon pose a greater threat to the country's stability than political dissent.

The collapse of Communism's authoritarian rule, widespread confusion over property ownership and upheaval in the Russian economy are among the factors fueling criminal activities. But some of the crime has its roots in attitudes well-established under Communism: fear, when stealing from the state became a national

In another survey, two-thirds of respondents said that they felt crime without the threat of Russian cities. According to preliminary government statistics, crimes involving violence and the use of firearms increased by 100 per cent in Russia last year. As well, in Moscow alone, the number of homicides rose to more than 600 from nearly 500 during the same period. In their battle against criminality, poorly paid police officers (average monthly pay for a senior detective: about \$44) often do not have enough gasoline for their patrol cars. Even if they do, few are equipped with radios or sirens as much for the Lincoln Town Cars and other American automobiles favored by the status-conscious booids.

THE RETURN OF THE CHURCH

As recently as 1991, there were only 48 Russian Orthodox churches operating in Moscow—less than a 30th of the number when the Bolsheviks seized power in 1917. Religious repression by an officially atheistic government "used many variety devices and converted other structures to a variety of uses, including an electric power station and a radio facility that Russian Orthodox worship the Communist era to see its current leaders. Patriarch Alexei II, regularly celebrating the divine liturgy in the Kremlin's Uspensky Cathedral. In Moscow alone, priests and lay members have restored 300 churches, and church officials now estimate



Sabbath school: revival

their membership to be a third of Russia's population of 148 million.

Still, some Russians have raised questions about how the church entered Communist rule. Indeed, a crusading Orthodox priest and a former KGB officer

attribute the church's current strength to its cooperation with the Kremlin. The priest, Gik Yakovlev, is a prodigious signaller who claims to have signed letters to secret KGB files shortly after the failed 1993 coup in Moscow. According to Yakovlev, infiltrators and secret police agents infiltrated the church hierarchy, spying on its fellow priests. Gik Yakovlev, a long-time KGB agent, claims that in 1993 was dismissed from the secret service in a blow of publicity after promising such dirty tricks, supports Yakovlev's allegations. Said Yakovlev last month: "They were agents for and priests secret." The patriarch has launched an investigation into the charges, but this increase will produce little. Two many former agents, they say, are all active within the church—where they know how to ensure their survival.

WILD RUMORS FUEL THE DAY

A lack of accurate, unbiased information about the Soviet era fueled rumors and speculation about what was really going on. On TV habits the hard and rumor traffic continue to churn out tales that sometimes contain a kernel of truth in one case where the jungle telegraph proved to have merit, rumors of an imminent coup swirled through Moscow for a year before the August 1991, patch that is currently considered (then-Soviet President) Mikhail Gorbachev. After the coup collapsed, it became clear that an elite KGB unit's refusal to attack the Russian legislature had been a critical turning point. According to one widespread rumor, the unit's commander, a brown-headed soldier—military advisors who had receptors implanted in their helmets—failed to respond to attack commands transmitted by controllers.

Similarly, British-led assassins still pulse across the ruins of the old capital. One story tells of well-heeled Moscow gamblers who regularly appear at secret locations around the city to bet on unidentified contact lack-lustre contacts. The deadly



Rabbit meat at a street market; how far to prove it is not from cots or dogs

beats for large purses end only when one buyer is dead, or too seriously injured to continue fighting. According to that history, trade warblers were some drunks to the bottom of the bottle.

On a more mundane level, the rise of chaotic and largely unregulated street

markets in Russian cities has led to rumors of enterprising vendors selling meat from slaughtered cats and dogs. In response, some vendors leave tails of fat on the carcasses of rabbits and hares to reassure customers that they are not buying someone's pet.

THE WEIRD AND THE RESTLESS

Used, tired—and largely boring. That was the state of television programming in the Soviet Union. But now, with the heavy hand of Soviet control removed, Russian TV has evolved into an eclectic mix of locally made game shows, religious broadcasts, music videos and soap operas from the West. Several times a week, Russian viewers can watch early episodes from the 1960s' American daytime soap *Santa Barbara*, along with similarly dated British sitcoms and German detective dramas. Since cash-strapped state television outlets cannot afford to dub foreign language programs into Russian, the imports usually feature a single uncut Russian subtitle that presents all the dialogue in a running voice-over.

Perhaps the most important change is in domestically produced public affairs shows, which now present blunt assessments of the Communist era, and even more daring programs on contemporary issues. A documentary broadcast in January provided graphic evidence of lax security around Russian nuclear waste sites.

Still, as programs, domestic or imported, have come close to matching the impact of a 1970s Mexican soap opera that began



Television fun: a perch for game shows and Spanish-language soap operas

on Russian TV in 1992. Over 240 episodes, *The Wolf and the Lamb* presented melodramatic events and turns in the lives of a fictional rich Mexican family. Regularly showed it to be the most popular show on TV. After the long-running serial's final episode aired in December, TV executives immediately put another Spanish-language soap opera, *My Secret Sister*, in its place. The Communist state is gone, but the appeal of a retreat from reality remains.

PEOPLE

COUNTRY WEALTH

Singer Jon Kennedy says that in her soon-to-be-released country album, *Higher Ground*, she has taken her music "to another level." But Kennedy, a native of Douglas Harbor, N.B., has clearly made that progression from a firm grounding in tradition. "I think



Kennedy: 'country music is changing'

that country music is changing in the eyes of the people," adds the singer, who last year was inducted into the New Brunswick Country Music Hall of Fame, joining such musical legends as Hank Snow and Don Messer. "But we in Canada have always had a vast wealth of country music. There is more to it than boots, spurs and cowboy hats."

Growing up

Besides the burden of teenage girls who surround him at almost every public appearance, Jason Priestley, who stars as Brandon in the Fox TV teen hit *Beauty 101*, 1993, will soon have to contend with another growing reality of playing a hyperactive teen, graduation. "The kids are supposed to graduate from their high school this season," and Priestley, 31. "After that, I don't know. The writers are not telling us much." The Vancouver actor, who added that he has no plans to leave the hit show, is using it to develop his talents, including directing an episode to air in April. And Priestley? "I know that life will go on after *Beauty 101*."



Priestley: 'not telling us much'

Tales from the casting couch

Susanne Cloutier is finally getting to tell her story of surviving the casting couch. The Ottawa-area actress, now in her 60s, is the only living star of Orson Welles's classic 1952 film *Othello*, which has recently been re-

released across North America. Cloutier told *Weekend's* that she auditioned for the role of Desdemona in Paris after director Welles had hired and fired 11 other candidates. Unlike the others, however, Cloutier resisted the director's attempts to seduce her. "He did try, I must say," she re-

Cloutier: 'back to work'



The Florida connection

She was born in the United States, but Jennifer Tilly says that she is "bi-cultural." Canadian. "To be without knowing it, you get your country music up," added Tilly, who was raised in Victoria. Last month, the Los Angeles-based actress returned from a typically Canadian journey she had been to Florida. Tilly was there for five months for the filming of *Key West*, the quirky Fox TV show in which she plays a world-weary prostitute. "You think differently when you are there," said Tilly of last fall's *Key West*. But her month-of-the-bender must not clearly remained intact. "You can take the girl out of Canada," Tilly said, "but you can't take Canada out of the girl."

Tilly: 'you think differently'

FREEDOM'S AFTERMATH

Depressed since 1969 for a murder he claims he did not commit, David Milgaard walked out of a Manitoba prison in April a free man. Now, David Asper, Milgaard's co-counsel during his fight for freedom, is writing the David Milgaard Story, a documentary on the *Canadian Global* TV system the week of Feb. 14. "There might be those who wonder about why I'm doing this," Asper said. With some reason. As father, David Asper, is the show's executive producer and chairman and CEO of *Canadian Global*. The 39-year-old lawyer said that his career will likely lead to a permanent position at his father's company, but he added that Milgaard faces a new test: *Justice* after 23 years in prison. Declared Asper: "It's a classic case of how to order to contribute something in life you have to have had a life."



called. "He had just divorced Rita Hayworth. But he had 11 Desdemonas who had slept with him, so in my attempt and it wasn't a good idea. The first time I met him, I told him if we want to finish this film, we better just stick to work." That approach clearly worked: Cloutier got the part, and Welles, who died in 1985, became her longtime friend.

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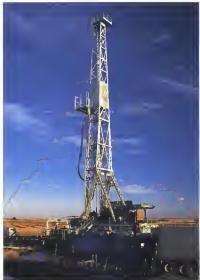


DECISION TIME

AFTER FIVE LEAN YEARS, CANADIAN STOCKS ARE SET TO GAIN GROUND AS THE ECONOMY BOUNCES BACK

After 15 years working at the Canadian investment business, Mary Deegan-Jacobs, managing director of the Princeton branch of the Toronto-based brokerage firm Mellon Weitz Capital Corp., says that she has learned to curb her optimism and hedge her bets. "That cautious approach to notoriously cyclical markets has been especially appropriate in the past five years. Since the global stock market crash of October, 1987, Canadian equities have suffered severe damage from economic and political uncertainty, depressed corporate earnings and a volatile currency. They have also been hard hit by competition from high interest rates on low-risk treasury bills and other fixed-income investment products. But now, as interest rates decline and the first signs of economic recovery appear, Jacobs is expressing more hope for the future: "A comeback is in the air over in Canada and this could be the year," she said. "But investors are still skeptical." She noted, however, that as the federal government has encouraged Canadians to take greater control over their own retirement finances through changes in the rules for registered retirement savings plans, equities are "essential for long-term growth."

Investment inheritance to enhance Canadian stocks after five years of dismal performance is certainly understandable. Despite recent signs of economic recovery, including the release of a study from the Conference Board of Canada, which predicts that Canada will lead the industrial world with 3.3-per-cent economic growth in 1993, corporate earnings for 1992 have been weak and employee layoffs and plant closures have continued. As well, the recession has triggered several fundamental structural changes in the Canadian economy: permanent downsizing of the corporate landscape; the ending of difficult to sustain. Said Mary Spence, a partner at Morgan Investment Counsel Ltd. in Toronto: "Many individual investors are just



Oil rig in Alberta; using technology to stimulate the old economic engine

striving to get a grip on the future: from the recession and the new order that has emerged."

The havoc wrought by a deep and protracted recession, however, may be one of the strongest selling points for the Canadian stock market. Investment strategists note that even slight improvement in economic conditions and con-

sidered demand will result in dramatic gains in corporate earnings because companies have already severely pared back debt, capital spending and employment levels. At the same time, the sale of such so-called blue-chip corporations have been eclipsed by a new roster of stocks that now dominate their sector. In the United States the computer and software industries Microsoft Ltd., founded in 1975, has consistently outperformed such established giants as International Business Machines Ltd. Similarly, venerable oil

Wing of M. K. Wong & Associates in Vancouver. "The success is so focused and fast that they aspire." The lower dollar and gradually improving commodity prices for such products as lumber and aluminium are also benefiting income-oriented Canadian companies.

The sale of certain assets and equity investments in other companies is an important structural change for corporations and capital markets alike. In the past, the Canadian market has featured a high degree of interlocking ownership and corporate concentration that has limited independent influences and created the market's "liquidity"—the number and variety of stocks available for trading. In the first half of last year alone, the sale of such so-called technology offering transactions came to about \$3 billion, according to the Canadian Investment Dealers Association. They include Southern Inc., a \$251-million sale of its 30-per-cent stake in Toronto Ltd. and the sale of a

partnership stake between Sears and Vancouver-based Woodward's have been overshadowed by such so-called niche retailers as The Gap and The Limited.

At the same time, deregulation and relaxed federal policy shifts have also affected the fortunes of companies in the financial services, transportation and communication sectors. Such former monopolies as Bell Canada Inc. of Montreal now face stiff competition from newcomers that include Canada and United, divisions of Rogers Communications Ltd., as well as from such aggressive upstarts as Can-Net and Com-Net, which were formed specifically to take advantage of the deregulation of domestic long-distance telephone markets. Said investment consultant Spence: "Large and diversified" assets to acquire, and secure—over it's like a death warrant.

Although flexibility and responsiveness head the list of qualities that investment analysts appreciate in the post-recession economy, there are several others that are worth a second look. In the investment in North America since the Free Trade Agreement last year, a Canadian corporation's ability to compete in the United States, Mexico and other international markets has become more important than ever. The potential for environmental liability from operations has also become a key consideration. Said Wong: "Over the past few years, investors have had to pore over a huge volume of material." He added: "You don't just crunch earnings estimates any more. Now, you look at the environmental record, waste-reduction management and other smorgasbord."



FRANK MERSICH

FUND:
Altman's Equity Fund

FUND'S ASSETS:
\$1.5 billion

STRATEGY FOR 1993:
Continue to invest in companies that benefit from rationalization and those that benefit from a lower Canadian dollar

BEST CALL IN 1992:
Dorset Exploration Ltd. of Calgary

WORST CALLS IN 1992: S&L System-house Inc. of Ottawa and Repco Enterprises Inc. of Montreal

40-per-cent interest in Hubco's Rep Co by Woodward Co. Ltd. for \$545 million. Said one corporate financier who spoke on condition of anonymity: "Investors have often balked at such equity held markets because it means that they are subject to as agents set by some majority owner. It has been a real and real pain with foreign money especially."

Perhaps the most fascinating—and profound—change for investors who have been about from the equities market is the disappearance or restructuring of many familiar companies over the course of the recession. To a large extent, many of these so-called blue-chip corporations have been eclipsed by a new roster of stocks that now dominate their sector. In the United States the computer and software industries Microsoft Ltd., founded in 1975, has consistently outperformed such established giants as International Business Machines Ltd. Similarly, venerable oil

also continued to dominate the sector in clothing and gas. Although many analysts dismiss resource-based companies as mature less-than-well-funded growth potential, the use of advanced technology and the application of strict financial rules and operating strategies have spawned a whole new generation of oil companies. To a large extent, they have flourished by leveraging assets on the assets that larger companies have been forced to shed at bargain prices to streamline their bloated balance sheets and bureaucratic structures. Said Lynn Thawick, controller of International Oil & Gas Corp. of Calgary, a new technology and a tight focus on the efficient. There's a lot of life in this industry yet." As for the stock market, after its crash with death in 1987, more than five years of inactivity seem to have saved the patient.

Business Notes

FOR WHOM THE BELL TOLLS

Bell Canada Inc. has requested an advisory permission to increase telephone rates by up to 60 per cent for some residential telephone subscribers and up to 33 per cent for certain businesses. The Canadian Radio-television and Telecommunications Commission will begin hearings on the proposed two-part rate hike on May 17. The company, which posted record profits of \$231 million for 1992, stated that it needed to increase its revenues to recover the depreciation of long-distance telephone services last year. It approved, the increase would be 100 per cent of 1993 revenues by the end of 1993.

INTEREST-RATE REDUCTIONS

In an effort to boost their flagging economies, Japan and Germany have cut their respective interest rates. After refusing to bow to pressure from other European countries last fall to reduce its overall bank rate, Germany has now lowered it to nine per cent from 9.5 per cent. Meanwhile, Japan reduced its interest rate to 3.5 per cent.

A RETAIL SALE

Formerly troubled jewelry retailer Borsari's Borsari Ltd. of Montreal has been sold to Borsari's Borsari of Toronto, which is owned by Italian financier Lorenzo Borsari. Under the terms of the deal, about 20 stores across Canada and 1,000 jobs will be salvaged, along with the Borsari name. The value of the deal was not disclosed.

THE 51-PERCENT SOLUTION

Bank of Montreal La Banque has agreed to acquire a 51-per-cent interest in a New York City office tower from bankrupt real estate company Olympia & York Development Ltd. of Toronto. The bank owned 49 per cent of the tower since 1991. The transaction is part of O&Y's attempt to restructure as a U.S. real estate assets investment operation with creditors there. Meanwhile, in Canada, O&Y emerged from eight months of bankruptcy protection.

BAMAGING VEHICLE

General Motors Corp. of Detroit was ordered to pay \$125 million in damages to the family of a 17-year-old youth who was killed in a crash in 1988 after his last-pedal truck was involved in a collision. The verdict from a Georgia court was a blow to the company's attempts to defend its pickup trucks, which have a so-called pedal truck. Critics of the vehicles, built between 1973 and 1987, say that the trucks explode in side collisions.

DEBRALE MCNEIL

A matter of interest

The decision depends on the outlook for rates

The first step for most investors, as the 1993 *Prudent Investment Strategy Plan* (2007) seems to indicate, is to consider the perplexing question of the future direction of interest rates. Making the right guess about them, and then choosing the type of investment that does best in that interest rate environment, often have more to do with an investor's security returns, than specific decisions about which particular stocks, bonds or guaranteed investment certificates to buy.

At present, this year's rate forecasts are mixed. But opinions have tended to converge in two camps. One group of forecasters say that they believe that inflation will remain low and that the economy will grow only slightly faster in 1993 than it did in 1992, when the growth was almost negligible. As a result, they say, interest rates will continue to move lower. The second group, though far in number and contrary to many, are also taking a conservative view, but with the prediction that the economy will surprise the skeptics in 1993 and that rates will be climbing back up by the end of the year. Michael's presents the arguments for both sides of the interest rate debate.

THE LOWER CASE

The argument that interest rates will continue to fall has been gaining momentum for more than two years. Indeed, many fundamental economic indicators recently seem to be flashing signs to support that case. Many prices—including interest rates, or the price of borrowed money—have stabilized and, in some cases, begun to fall. When Ford Motor Co. of Canada introduced its 1993 models last fall, it announced that for the first time since the Second World War the average price would be lower than the year before. Real estate values have also plunged—with the exception of a few choice havens, such as Vancouver. Canada now has the lowest inflation rate of all the industrialized countries. The Bank of Nova Scotia forecasted up the year economic environment in its 1993 global economic outlook report: "Deflation—not inflation—is now the greatest risk."

The view that inflation and interest rates will stay low is based on the expectation that the economy will grow only modestly in the coming year, that the gross domestic product will grow about three per cent, compared to

the less than two-per-cent rate estimated for 1993. With no unexpected costs operating below capacity, that growth will not create much employment growth or price inflation.

In such an economic environment, most investment advisers are forecasting a prolonged period of low inflation and, as a result, a downward trend in interest rates. Ken Donson, Securities Inc., Canada's largest investment dealer, declared in its latest quarterly report on the North American investment outlook: "The past four years of stringently monetary policy in Canada and slow or slowing growth abroad the world should spend money more." The report added that "in the delayed response to falling inflation in the 1980s, investors should begin to accept a lower real rate as they slowly recognize" that the risk of missed inflation is no longer likely. For his part, Toronto investment adviser Thomas Jensen, of T. Jensen Inc., said: "We are looking at inflation rates in the range of 1.5

per cent to two per cent and not just for the next two or three years but well into the next millennium." He added: "A couple of years down the road, today's interest rate of 7 1/2 per cent on five-

short-term ones might be because of persistent investor fears that inflation is not only dead but will also reappear, long-term interest rates are extremely high. Real rates are now close to seven per cent, interest rates double their historical level. In the past five decades, political uncertainty and economic weakness have caused interest rates to fluctuate, increasing concern about the potential for future rate declines.

However, some experts say that they think that the political uncertainty about Canada's future is now fully reflected in a lower Canadian dollar and higher interest rates and that political uncertainty is no longer much of a threat to stability—despite the upcoming federal election and ongoing concerns surrounding the health of Quebec. Premier Robert Bourassa's Rates are already high, and in the last year the Canadian dollar has fallen 30 cents to about 79 cents (U.S.). Said Richard Seibert, bond mutual fund manager for Alamos Investment Services Inc. in Toronto: "Our problems are well documented, everyone knows them and the fear is reflected in the high interest rates." He added: "We have come to the point where we cannot think of anything else that can go wrong with Canada." In addition, late last week Germany and Japan lowered their bank rates, a trend that economists say will also help bring Canadian interest rates down.

In the longer term, some observers say that the demand for credit will gradually diminish during the rest of the decade as debt-burdened consumers, companies and governments reduce their borrowing. Said Seibert: "In the 1980s, households borrowed too much for real estate, corporations borrowed too much for

FUND: Janowski Finco Funds

ASSETS UNDER MANAGEMENT: \$13 billion

STRATEGY FOR 1993: Sell Canadian bonds short and buy companies that are involved globally, as well as companies that do well in recessionary times, including liquor, tobacco and food companies

BEST CALL IN 1992: The fall of the Canadian dollar

WORST CALL IN 1992: There are too many to name. But PWA Corp. was one of the worst.

your money is going to look pretty good."

Already, in this business cycle, short-term interest rates have fallen five per cent, when the central bank rate peaked at more than 14 per cent, in September, 1990, when it edged down to just under five per cent. Long-term rates have also declined, from a high of about 11.5 per cent three years ago to about 8.5 per cent currently. But long-term rates, generally those for the five-year period, tend not to have fallen as dramatically as

assets and we don't even have to create new investments. But now, everyone realizes that they borrowed too much and debt is going to get paid down. We are not sitting in the 1980s, borrowing indefinitely." And as the demand for borrowed money eases, that theory says, interest rates will come down.

If true, for investors a continued move to lower interest rates means that the current rates for such investments as long-term guaranteed investment certificates are higher now

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then they will be in a couple of years that the bond market, which offers the greatest potential for capital gains when interest rates are falling, could turn in strong investment gains before it levels off, and that in the lower interest rate environment, corporate Canada will find it easier to make profits, which should push the lagging Canadian stock market into a rally. As a result, investors could profit from overall investments in any of these types of investments.

THE UPPER CASE

On Friday afternoon last month, Gordon Capital Corp., a secretive Toronto securities firm, fired all 15 members of its bond-trading department. The company declined to explain the move, but initial reports suggested that the department closed down because of trading losses and other business problems. Now, other industry insiders speculate that there is another explanation for the department's demise. They suggest that, like some mutual fund investors who are now selling their funds because they think interest rates have hit bottom, and bonds offer the greatest potential for gains when interest rates are falling, Gordon simply decided that interest rates are about as low as they are going to get and changed its traders.

Whatever Gordon's real motivations, the view that interest rates have no more room to fall, and that they may even soon start climbing as the recovery gains steam, is gaining credence. If the U.S. and Canadian economies were to surprise the forecasters, as they have done for the past three years, and grow somewhat faster than expected, the central banks would tighten money supply and push up interest rates. Jeffrey Hahn, chief economist of Wood Gundy Inc. in Toronto, says that his forecast calls for Canada's gross domestic product to grow by 3.8 per cent this year and for interest rates to edge slightly higher by the end of the year. Added Hahn: "I am very bullish about the economy."

George Peterson, an independent economist who heads his own firm, G. A. Peterson & Assoc. in Vancouver, is even more adamant that the economic purpose of the coming year is going to be the strength of the economic recovery in Canada and the United States. "The consumer is driving better," said Peterson. "Companies have cut their costs, they are doing, which helps exporters, people find a lot more comfortable about their jobs. The risks are more on the upside than the down." He added that he expects short-term rates in Canada to climb as high as nine per cent by the end of the year. As for the classic forecasters' consensus view, Peterson says: "I have noted that 'consensus always takes forecasters by surprise'."

Predictions of higher rates also receive support from a second, unrelated and much more worrisome scenario: political events could force them up. Conservative forecasters say that Canada's federal and provincial budget deficits

AN RRSP PRIMER

DEADLINE

- March 1, 1993, is the last date to make a 1992 contribution

RRSP CONTRIBUTION LIMITS

- 18 per cent of earned income to a maximum of \$12,500 (less a pension adjustment—the amount that the employee and employer contribute to a pension plan) for the 1992 and 1993 tax years. That will increase to \$12,500 for 1994, \$14,500 for 1995 and \$15,500 for 1996
- The limit is based on the previous year's earnings

SPOUSAL RRSP

- The highest wage earner in a family can choose to put some or all of his contribution limit for this year in a spousal RRSP, allowing couples to minimize future taxes by evening incomes
- Contributions to an RRSP for a common-law spouse are now permitted

ELIGIBLE INVESTMENTS

- Interest-bearing securities including guaranteed income certificates, bonds, mutual funds and individual stocks

NEW FOREIGN-CONTENT LIMITS

- For 1992, up to 18 per cent of an RRSP can be invested abroad. This rises to 10 per cent for 1993 and 25 per cent for 1994 and subsequent years

CARRY-FORWARD COMPARISON

- Beginning with 1991 contributions, individuals can carry forward unused RRSP contributions for seven years.
- A contribution is deductible against the income in the year it is made, not against income in the unused year

OVER-CONTRIBUTION LEeway

- An individual can over-contribute up to \$5,000, throughout his lifetime, on an RRSP without penalty. The \$5,000 limit is intended for use as a cushion for excess contributions
- Anyone exceeding the limit will have to pay a fine of one per cent per month on the excess amount

WITHDRAWING RRSP FUNDS

- RRSP funds are allowed to compound tax-free inside a plan. When they are withdrawn, they become fully taxable
- All RRSP plans must be wound down by the end of the year in which the plan owner turns 71.

JARLE CAZEN

will continue to grow, forcing interest rates to stay high to attract enough foreign investment to keep adequate funds coming into the economy. Said Martin Bennis, managing editor of the Montreal-based *Business Credit Analyst*: "We have an election coming this year from which we could end up with a coalition government or some kind of mildly unstable political outcome. In that environment, we are not likely going to see any big action to cut the deficit," he added. "The danger is that foreingers will decide that they have had enough of the country." If that happens, interest rates could soar, making interest-sensitive investments, but not the stock market, most attractive. Added bond strategist Sutherland: "My biggest fear is that

the economy will continue to deteriorate and then the governments will be forced into doing whatever it takes. If they said the same, they will pay 11, 12, 15 per cent, there is no limit."

Economists broadly agree that a weak economy, accompanied by a prolonged surge in interest rates, would almost certainly guarantee that the economy would slide back into recession. But it might also provide an opportunity for Gordon Capital to re-enter the bond trading business—in the hope of eventually enjoying a lucrative telegraph role down the slope of falling rates.

BRENDA GALLAGHER

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Shifting fortunes

The stampede into mutual funds is accelerating

For many individual Canadian investors, February is the most confusing month of all. With the annual deadline for contributions to registered retirement savings plans approaching, banks, trust companies and other financial institutions are mounting last-minute advertising blitzes. Among the most noisy are the campaigns by sellers of mutual funds, the fastest-growing segment of the RRSP market. (Mutual funds pool investors' contributions and invest them in stocks, bonds or other securities.) One firm's television commercial shows its beleaguered pensioner in a helicopter, escaping over office towers. A rival company's TV ad features a pair of funds chomping at each other. In newspapers, one dealer's ad features a drawing of a tiger prowling through the underbrush, searching for "growth opportunities for your RRSP." Another shows a cartoon turtle staving into a crystal ball. All are attempts to catch the eyes of consumers who, spooked by recent declines in interest rates, are shifting their RRSP money from guaranteed investment certificates (GICs) and other fixed-income instruments into mutual funds. But even fund man-

agers who are attempting to tap into that shift say that experienced investors should be cautious with their retirement savings.

Despite those warnings, the stampede appears to be accelerating. At the end of 1993, Canadians had \$67 billion invested in mutual funds, compared with just over \$4 billion in 1980. And many industry executives predict that the total will double over the next three years. The main attraction of the funds for investors is the possibility of big gains. The value of a unit to say fund fluctuates with the value of the stocks, bonds or other assets that it holds. Unlike some bank or trust company deposits (up to \$40,000 in a single institution), however, mutual funds are not covered by the federal Canada Deposit Insurance Corp.

For the institutions that sell and manage mutual funds, especially Canada's major banks, the funds have one clear advantage: they provide steady revenues from fund management fees, rather than the often unpredictable spread between the revenues those institutions earn from loans or other investments and the interest they pay to depositors. For that

reason, some critics charge that the banks and other sellers are encouraging the stampede without taking investor needs into account. But bank executives insist that the shift is customer-driven. Said Bruce Walters, president of Royal Bank Mutual Fund Services Inc.: "It's certainly not just being rained down the customer's throat. It's the opposite."

Indeed, with interest rates on call and savings accounts lagging behind the low single digits, the double-digit returns posted by Canada's top-performing mutual funds look dazzling at first glance. The leader, Toronto-based Investors Investment Services Inc.'s Resource fund, posted a 64 per cent return last year, fuelled by its soaring energy and mining stocks. But while many funds offer the chance of high returns, they also entail greater risk. Last week, two real-estate-based funds, managed by Caisse Trust and the Metropolitan Financial Group, suspended withdrawals by investors.

The worst performing Canadian mutual fund last year, however, was Vancouver-based Signet Investment Management Ltd.'s Canbridge Special Equity fund, which owns stocks in small, new Canadian companies. It declined by 27 per cent (compared with a 2.9 per cent decline in 1991). But Signet chairman Ross Tuslock shrugged off that decline by noting that his company manages 13 funds worth \$92



ARTHUR PHILLIPS

FUND: Philips, Hager and North US Equity Fund

FUND'S ASSETS: \$150 million

STRATEGY FOR 1993: Invest in U.S. equity markets, in better-than-average growth companies. Concentrate on the U.S. financial

industry, particularly bank stocks, and have only a minimum exposure to utilities and energy company stocks.

BEST CALL IN 1992: Sold Home Depot Inc. of Atlanta (retail warehouse stores and building supplies) for 12 times the price he bought it for five years ago. Sold IBM Corp. stock just before its plunge.

WORST CALL IN 1992: Airborne Freight Corp. of Seattle (an air express courier)

million, and one of them, Canbridge Resource fund, posted a 30 per cent gain last year. And his major fund managers, Tuslock said that "No one has done well every year."

Aide from consumers' often unrealistic expectations, some investment advisers say that they are encouraged about the aggressive promotion of mutual funds as retirement savings vehicles. For instance, for one, a Toronto-based investment counsellor and author of *Time Dilemma's Investor's Guide to RRSPs*, claims

that the big Six banks, in particular, are pressuring branch employees to sign up new mutual fund customers.

But bank executives say that they are actually responding to the exploding consumer demand. Walters, for one, said that two-thirds of his bank's customers deal with other financial institutions as well, and that if the bank does not provide them with all the services that they want, they may take their business elsewhere. But in another campaign at one Toronto bank branch, speaking on condition of anonymity, said that his bank is seeking out mixed signals. One of the bank's stated top priorities is to expand its mutual fund business. But the employee added: "The word from the top is to be cautious. Older clients are complaining that they have lost money."

Regardless of whether they think Canadians should invest retirement savings in mutual funds, most fund managers have similar advice for those who do: older investors who need steady incomes should stick to relatively stable bond or money market funds. Younger investors with savings to spare can risk a greater proportion in equity funds. In theory, larger funds should be less volatile because they spread their investments. Consumers should look beyond the lagers, however, and other generalists will become a fund's long-term performance. But as with any investment, the past is not always a reliable guide to the future.

JOHN DALL

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Outside Premium plant: a 'fly-by-night attitude'

BUSINESS

Cape Breton blues

After Premium, Ottawa's plan is under fire

There were still 25 minutes left on the Feb. 1 afternoon shift when the foreman walked across the floor of the Premium Automotive Tanks Inc. plant in Port Hawkesbury, N.S., and told the employees to shut off their machines and the outside. There, a dozen uniformed security guards waited. As the 43 men and women walked, Allen Toole, the general manager and co-owner of the gas tank manufacturing company, stepped out onto a staircase and told the staff that he had a letter to read to them. Sprinkling in a few monologues, the white-haired Toole, 55, businessman and that the company had been sold and that, as of that moment, they were all out of work. Later that evening, a convoy of trucks began unloading completed gas tanks away from the plant. David Phillips, 43, an assembly-line worker from Port Hawkesbury, "it shocked the hell right out of me."

The federal government shared the workers' surprise. Through the Atlantic Canada Opportunities Agency (ACOA), Ottawa had provided Premium with \$2 million in grants and loans since it decided in 1987 to locate a plant in Port Hawkesbury, on the south-western tip of economically depressed Cape Breton Island. In an angry response in the House of Commons, Prime Minister Brian Mulroney declared "This taking off in the middle of the night is a fly-by-night attitude unworthy of any self-respecting employee." In fact, by week's end, the Nova Scotia government said that it was con-

sidering legal action to put Premium from downsizing the plant and selling it off to Spectra Steel Industries of Blainville, a Montreal suburb. Despite the tense atmosphere, however, Premium and the state without announced that they had negotiated a seven-year pre-agreement in closed-door sessions at the offices of the Nova Scotia Economic Development department.

The Premium affair promptly rekindled debate over the wisdom of some of Ottawa's major regional development programs. In fact, the Premium closure is merely the latest black eye for the beleaguered ACOA—Ottawa's \$2.1-billion program for revivifying the faltering Atlantic economy under Nova Scotia's Elmer MacKay, federal minister of public works. So far, more than 9,000 business projects have topped into the five-year-old program. Between 1985, when it began dispensing money, and September 1990, ACOA has given out \$500 million in grants and spent another \$1.1 billion on just incentives with the various provincial governments. ACOA officials say the agency's record speaks for itself—its funding has created 36,632 new jobs and has saved another 29,838 that, they say, would otherwise have been lost in the region. But Ross Boudette, president and founder of Canadair Inc., which received \$400,000 from ACOA to expand its aluminum window-blind factory in Bessborough, N.B. "There's no question that ACOA has been a positive force in the area."

But ACOA is best known for its spectacular failures: most of them in Cape Breton, rather than in successes. Opened in 1987, the Northside Industrial Park in North Sydney was built to house the large number of projects being launched throughout the island with generous financial incentives from Enterprise Cape Breton, a special arm of ACOA designed to stimulate business in the area. Here, the park's space is largely unoccupied—and many of the companies once operating there have failed. Said Norman Smith, the park's co-ordinator: "The birds have had problems operating the fly-by-night operation from the real thing."

That point was underscored by an independent study of Enterprise Cape Breton presented in February 1991, to MacKay. It concluded that federal bureaucrats failed to adequately evaluate a number of questionable projects that applied for aid under the program. As well, a Nova Scotia RCMP spokesman told *Maclean's* last week that it is now investigating several companies that once operated throughout the province for possible mismanagement of ACOA grants and loans.

Premium, on the other hand, appeared to be just the sort of company ACOA wanted—a medium-sized firm owned by two businessmen from Truro, N.S.: Toole and Raymond Corbin. The company received a \$750,000 grant from the department of regional and economic expansion in 1987, a \$1.3-million ACOA grant in 1989 and an \$880,000 secured loan from Enterprise Cape Breton. In return for the state grant, Premium agreed to stay in Port Hawkesbury for two years—a condition that expired in Dec. 31, 1991.

Three days after Toole's announcement to his workers, the company announced that it was packing up its equipment and moving to Quebec. And later last week, ACOA lost its final grip on the company when Premium paid off \$560,000 in remaining loans. Declared Peter O'Brien, director of Atlantic provincial affairs for the conservative-minded Canadian Federation of Independent Business: "This has been just another case of ACOA wasting taxpayers' money." So far, Premium's owners have given no reason for their decision, or method, to merge with a competitor and to move to Port Hawkesbury operations out of the province, in spite of demands from Ottawa and the Nova Scotia government. But for the newly unemployed residents of Port Hawkesbury, any explanation will serve too late.

JOHN DEMONT with JO-ANNE McDONALD in Port Hawkesbury

BAILEYS

As Jim philosophized about women, I continued to sip my Baileys and coffee and read. Between the lines.



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The post-Mulroney economic agenda

BY PETER C. NEWMAN

No matter which political party or leaders take this country into the 21st century, they will find themselves presiding over a Canada so radically different that almost all of the social and economic institutions we have taken for granted have to be discarded.

There's no longer a perennial issue. The stakes are much more stark than the details of who will be running the country. The last mainstream and prosperous social welfare system that has allowed Canadians to live charmed lives in a country that the United Nations ranked at the top of its "quality-of-life" list is now history. The only remaining option, as emerging events will prove, is whether the harsh new economic order will be imposed by politicians or by some other, more draconian means, such as a series of decisions from the International Monetary Fund, which moves also bankrupt economies and directs them on how to spend, save and invest their money.

In Canada's case, the foundations of our modified welfare state reach back to the autumn of 1944, in the Second World War war-ravaged days and the Liberal governments then in power came to face, in almost equal proportion, two possibilities: the prospect of massive unemployment, as wartime industrial production was halted, and the emergence of socialism (inspired through the GGP party) as a burgeoning political force that would benefit from the disillusionment of returning veterans and turn out the government—as they were about to do in England.

It was mainly to co-opt the "approaching socialist horde" that Ottawa's Minister of Employment, C. D. Howe, came forward with a study on the government's future role in the Canadian economy. Ottawa had already implemented minimal unemployment insurance and family allowance (baby bonus) legislation during the 1940s, and now the hour was on for other elements of the social welfare safety net. A report written by Leonard

The generous and humanitarian social welfare system that has allowed Canadians to live charmed lives is now history

Mash (who had studied at the London School of Economics under Sir William Beveridge, who had recommended a universal pension plan for Great Britain) urged adoption of "a total security program designed for the modern industrial state." The study was originally expanded into the white paper on employment and income. Adopted by the Liberals, it codified the idea that governments should be the prime factor in the creation and disposition of wealth. News of this pivotal policy declaration was just about totally ignored, because the report was published on April 12, 1945, the same day U.S. president Franklin Roosevelt died—and he got all the coverage.

But the philosophy of that longago white paper has dominated the thinking of Canadian administrations ever since. Thus his caveat that successive Liberal or Tory federal governments have expended on the nation that measure intervention in the economy was part of their mandate. It proved to be the ideal excuse for paying out billions of dollars without pausing the voters to turn towards socialism.

Gradually, the idea that governments' main role was to take care of our every need

became the accepted norm—the unspoken but solid social contract we all took for granted at birth. Each of the national political parties has treated this obligation with only the most subtle of differences. Historically, the Tories have tended to be the most restrained in their approach, pledging that they will do everything for voters from birth to death, while the more activist Liberals extended this promise to the slightly longer time span covered from womb to tomb. The Socialists, of course, don't believe in any limits and make similar promises from cradle to resurrection.

The music stopped with the Mulroney Years—though it should really have stopped with Pierre Trudeau. Between 1950 and 1984, the Trudeau government's average spending climbed to \$35 billion from \$11 billion, though exactly what we got for all that money remains a mystery. It was that legacy more than any other factor that has crippled Mulroney's time in office, forcing him to sponsor such lethally expensive measures as the GST, increasing the Trans-Canada railway system, slashing unemployment insurance benefits, abandoning a promised daycare program and so on. Mulroney was never afforded the luxury of handing the lead of social programs that earn political points and produce electoral rewards. Ottawa's largest single expenditure during his tenure, taking up more than the cost of the social programs put together, was the exorbitant \$40 billion paid annually as interest on the national debt.

The \$20-billion operating deficit the Tory leader inherited from the Liberals when he took over in 1984 has been eliminated. While this year's deficit will still total about \$3 billion, that is the amount required to pay interest on the national debt. Mulroney's main problem has been that so much of the social budget is in perpetuity. According to our estimates, less than 15 per cent of federal expenditures in any one year can be classified as being discretionary, everything else goes to cover interest on the national debt, transfer payments to provinces or direct social welfare payments to individual Canadians.

That's where future cuts will have to come. The result inside the Tory caucus over the relatively minor adjustment in unemployment insurance payouts proves how difficult a task that will be.

Like most industrialized nations we find ourselves in a parlous catch-22 situation, with an economy that urgently requires a spending increase to stimulate consumer spending, yet where there is no way we can increase the deficit and national debt without running the risk of endangering our international fiscal integrity.

There has never been a tougher time to manage the country's finances. In retrospect, Mulroney will win praise for being at least the first Prime Minister who tried to stand up against the accelerating expenditures spiral. But what his successors will have to do will make his efforts seem like a Sunday school picnic.

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Butted and banished

Toronto leads the national war on smokers

Juha Speers has a good job, working in the warren of a downtown Toronto office tower. But he can often be found outside in the street, coatless and hunched against winter winds. He's a smoker—he smokes cigarettes. The pack-a-day Speers has plenty of company at the city's waterfront docks. Toronto's new anti-smoking bylaw, one of the toughest in the country, came into force on Jan. 1, and thousands of smokers who refuse to quit are now being banished to take their pleasure outdoors, whatever the weather. "Toronto has gone too far," said the smoking Skeers, 30, a fiend of Montreal medical manager who frequently travels to Europe where, he added, "they're either more tolerant or less tolerant." But he is reluctant to accept the tightening restrictions on his life. "No one can argue that this is good for your health," said Speers, taking a deep drag. "The question is how to deal with it." That question is evidently moving higher on the agenda of lawmakers nationwide.

The Toronto bylaw was the year's first strike at what has become a full-scale war on smoking. Cities such as Vancouver and Calgary, where smokers are castigating similar smokers, are carefully giving the question in Toronto. The hostility towards smoking has intensified as new evidence emerges purporting to show that so-called second-hand smoke poses a serious health risk to those exposed to it. Last month, the U.S. Environmental Protection Agency (EPA) listed second-hand tobacco smoke among the 18 most lethal causes of cancer. Although health officials are cautioning that second-hand smoke is not the same as the first-hand smoke inhaled by smokers, the new finding is the judgment on the issue, not accurate, that means found support in Canada, where restrictive laws and high taxes have already driven thousands of smokers to quit.

Meanwhile, politicians are casting about for ways to dampen the desire to light up. Last week, Health Minister Brent Steward introduced legislation in the House of Commons that would prohibit the sale of tobacco to anyone under 18. And the Ontario government recently introduced a five-point proposal that would set the minimum legal age for tobacco at 19 from Jan. 1 and ban the sale of cigarettes in drug stores. British Columbia may soon retail licenses to sell cigarettes in an effort to

reduce smuggling and sales to children. And late last month, the Quebec Court of Appeal upheld a federal initiative requiring cigarette manufacturers to print more prominent warning on packages than the ones displayed since 1985. "It's a start," Geoffrey Mahood, executive director of the Non-Smokers' Rights Association, said of the developments. "But the battle has just begun."

Canada's front line is in Toronto, where the battle has become intense. City council passed the new bylaw, the strictest and by far the toughest—in a succession of restrictions, in mid-1991 to become effective last month. It prohibits smoking in malls, sports facilities,



Lighting up in a no-smoking area of Windsor Station in Montreal: a touch of anarchy

theaters, all private offices—even nursing homes. Last week, residents huddled up around the 37°C heat belched around the entrance to a nursing home in midtown Toronto. So did one octogenarian, clutching her cigarettes and gurgling at the building's breeze. "If I had my way, I'd put a sign up there," she murmured.

There is just one exception to what amounts to a blanket ban on indoor smoking, with some private homes and designated areas in restaurants. The law allows smoking in any room

sealed off from the rest of an office building and vented directly outside—a cost that many employers would appear unwilling to bear. The law provides for up to \$5,000 for enforcing smokers—and for employers who fail to issue warnings to smokers. But James Flaherty, a spokesman who manages the 44 inspectors in Toronto's health department, says that few charges may ever be laid. "Our main focus is on enforcement, not on lawyer modifications," said Flaherty, who told inspectors to use only "gentle persuasion" on rebel smokers until April.

In Montreal, where the law is weaker and filled with exceptions, restaurateur Michel Aulder says that it is generally ignored. "Hardly any of the restaurants here is complying with it," he said. "But most will claim that they do." Aulder, who smokes about 30 cigarettes a day, and that restrictions like Toronto's would never work in his city. "This city has a slightly different spirit," said the councillor. "I don't think we can or even have to in Toronto, either." Even some federal offices and agencies, which are completely smoke-free apart from designated smoking areas, have trouble meeting their own standards. "In a literal sense," said one federal employee in Ottawa, "I still have the occasional cigarette and nobody says a word."

The support social acceptance of smoking may allow smoke and non-smokers to prevail over enforcement in the most effective tool in cutting tobacco consumption. "It's embarrassing to be out here like a herd of cattle," said one woman outside downtown Toronto's First Canadian Place, who refused to give her name. Her companion, secretary Linda Wells, added that the law has given her an additional excuse to quit smoking—the 44-floor elevator ride to have a single cigarette. Said Wells: "I usually don't have the time or the place to smoke." For veteran smokers like Bernard Dobson, who first lit up 30 years ago at the age of 14, the shift in sentiments is ironic. Said Dobson: "When I used to smoke, they used to send us cigarettes in their mail for doing a good job."

But the anti-smoking legislation has the support of the medical community, which says that cigarette use is the major cause of lung cancer and a significant factor in heart disease, stroke and various respiratory illnesses. The Canadian Medical Association estimates that cigarettes kill more than 25,000 Canadians annually. Concern about the dangers at environmental smoke included health with the report, dated in July. "People have a right to smoke if they know the real risks," said Mahood, but smokers "have a right to protect themselves from those risks as much as possible."

While calling for even stronger rules on smoking, environmental activists acknowledge that Canada is a world leader in its efforts to cut consumption. Others impose strict controls on tobacco advertising in 1988 with the Tobacco



Residents smoking outside Toronto nursing home: shivering to obey the law

Products Control Act and other restrictions on smoking (it's in the New-Smokers' Health Act). All along, federal and provincial officials have been raising cigarette taxes to the point where they now account for about 70 per cent of the average retail price. One pack has been a 35-per-cent drop in per capita smoking in the past five years.

Since 1964, the number of male smokers has dropped in less than 10 per cent from 54 per cent of the population, while the rate for women dropped to 30 per cent from 38 per cent. That made Canada the first country in the Western world where women smokers outnumber their male counterparts—by more than 50,000. In a report released in October, Britain's department of health concluded that the tobacco advertising restrictions in Canada, Norway, Finland and New Zealand were "followed by a fall in smoking which cannot reasonably be attributed to other factors." Last week, President Bill Clinton embraced the trend, banning tobacco from the White House.

In the United States and Canada, the anti-smoking crusade has inspired manufacturers to fight back with promotional campaigns, more active sponsorship of such things as golf tour-

naments and car races and aggressive government lobbying. In Canada, tobacco company executives claim that high taxes have led to a surge in cigarette smuggling from the United States, where taxes on average account for about 35 per cent of the retail price. Said Jacques LaRocque, vice-president of the Canadian Tobacco Manufacturers' Council in Ottawa: "Tobacco remains our main concern."

Still, the unwelcome fact of Norman Thomson Inc. press Canada's tobacco industry a solid bill of health in a November, 1990, report. Consumer products analyst Tony Don recommended buying stock in tobacco companies because they continue to force "a classic oligopoly in which every player enjoys exceptionally high profitability." About 100,000 teenagers join the tobacco market each year, but the industry may soon face new rivals in recruiting firms. To reduce that number and persuade others to quit, Health and Welfare Canada plans to force manufacturers to print a bold black-and-white warning that smoking is addictive on each package. Under the law, which the Quebec Appeals Court upheld last month, warnings would come from the bottom to the top of the

pack. Previous officials are also blocking the sale of so-called toddler packs—five cigarettes for \$2—that have proliferated in vending machines throughout Quebec and New Brunswick. Among other restrictions under consideration, retail lessons that could be created for selling to minors, and generic packaging to reduce the visual appeal and distinctive look of individual brands.

But for smokers already hooked on the product, such moves may have little impact. "I would not be able to work without smoking," said Clifton Piquet, 33, a Montreal-based records manager with Hydro-Quebec. But, in Toronto, smokers do not have a choice. "This might surprise me to try quitting again but I don't think I can," said Speers, observing that it would take more than a cold wind to stop a smoker who has lit up every day for the past 24 years. "I would have to be locked down by a doctor to stop smoking on my own. Even then, I could still smoke at home." For tens of thousands of Canadian smokers, there may be little to stop them when they feel the urge to light up.

Porn from the skies

TV sex entertains and divides Britons

British businessman Mark Garner calls himself a "great believer in Europe." Like thousands of other entrepreneurs, he played enthusiastically into Europe's reunited single market—opening a legal, popular product from the Continent and distributing it around Britain. But instead of winning praise, Garner is leading off attacks from politicians and much of the media. The problem arises from his product: hard-core video pornography. Through a twist in European Community regulations, Garner has found a way to leave explicit sex films into British homes. The result is a booming business—one that has led Britons to question whether joining Europe will render obsolete very different standards of what is right and proper.

Until less than two years ago, Britain banned the explicit pornography that is freely available in the sex shops of Holland, Germany and other countries. But, in 1993, a



Red Hot Dutch on the screen: European tastes

new European television directive said that any program approved by one EC country is automatically legal in all the others. Garner saw his opportunity. In August, his company started licensing explicit sex movies approved

under Holland's liberal laws via satellite to British customers as part of a service called Red Hot Dutch. It now has 25,000 subscribers across Britain. "It simply says that there's lots of money to be made in this," says Garner. "Sex sells."

So far, Red Hot Dutch broadcasts only three nights a week, three times a week, and transmissions containing pornography must at least be scrambled so that children cannot see them in any way. Viewers need a satellite dish, easily available, and a decoder, which they rent from Garner's company for about \$30 a month. What they get is explicit footage of adults having sex, including scenes of penetration, ejaculation, oral and anal sex. There is, however, nothing involving children or violence. Says Garner: "There are tastes we don't cater to."

Hardcore videos or magazines are still banned in Britain. But the government has been unable to stop the satellite transmissions because it signed the EC directive. That, flustered the conservative Daily Mail, "has opened Britain to a free market in TV filth." The Mail de-

nounced the EC rules as a "disaster for British television" and launched a campaign against Red Hot Dutch. TVy members of Parliament jumped on the bandwagon. Said Roger Gale, chairman of the House of Commons media committee: "If the Dutch want to broadcast this sort of thing to their own people, that's fine. We don't want to impose our moral standards on them—but they shouldn't impose theirs on us." Gale called on the government to banish Red Hot Dutch.

The controversy unfolded just two days after European leaders began their annual attempts to limit them: even after Sweden forbids such British TV shows because they are too violent, but tolerates the kind of hard-core porn that makes British black, French, Spanish and Italian TV channels transmit explicit sex films with little public outcry. The British, though, along with the even more conservative Irish, still resist. "I think the British are out of step," says Garner, a 37-year-old Manchester native. "Ireland and Denmark, in order, have lower rates of sex crimes than Britain. And, for arguments, the Irish are hypocrites. 'If you go into a shop in Amsterdam, they're full of English tourists.'"

These arguments of bile are with Britain unwilling to adopt the Continent's attitude to commercial sex. Garner admits that even his wife, Corrie, opposes his business. Last year, officials said that government lawyers were looking for ways to block the service—possibly by outlawing the decoders. Garner, however, wants to fight any attempt to put him out of business. "If we're going to be part of Europe," he maintains, "we should be part of Europe in all ways."

ANDREW PHILLIPS in London

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The wrath of Rome

A priest's views on sex upset the Vatican

University professor **André Guindon** is trying to persuade the Roman Catholic Church that sexual intercourse should be viewed as an expression of human intimacy, not merely a function of reproduction. He wrote a book proposing that the church abandon its narrow definition of acceptable sexual practice and have to deal with the serious trouble that is becoming the 50-year-old Guindon's Roman Catholic priest who teaches at Ottawa's St. Paul University, a small independent Catholic school that specializes in teaching Christian theology. He has aroused the wrath of the Vatican with his 1986 book, *The Sacred Gospels*. Early last year, church officials in Rome issued an 11-page statement declaring that the book contains "serious and fundamental disagreements" with Church doctrine. At stake in the controversy is Guindon's position as a teacher of Catholic theology at St. Paul's where he has taught sexual ethics since 1979. Last month, he issued a formal written response that the Vatican will review before determining what to do with him. Said Guindon: "Now we wait and see whether they are satisfied."

Unlike professors at secular universities, who can publish controversial ideas—usually without fear of the consequences—Guindon teaches at a university that operates under a papal charter emphasizing its goal of maintaining doctrinal discipline. It also makes him subject to the law of the church, which will decide, after reading Guindon's defense, whether he has violated teaching on sexual matters. Experts in canon law said that the Vatican could decide how well to teach Catholic theology.

Some lay theologians across the church of opposing both freedom of speech and academic freedom. Said Louis Swiech, a professor of theology at Boston College: "What they should be doing is making convincing arguments for their point of view, not trying to abuse critics by the dogmatic use of authority."

Despite church objections to his book, Guindon insists that he has not departed from Catholic teachings. He argues that the church should concentrate less on sexual practices and more on the overall quality of human intimacy. Guindon writes that heterosexual and homosexual couples can live according to Christian principles, provided they are united by love and commitment. Concludes Guindon: "Gay persons whose sexual feelings are fruitful in love belong to a genuine human community. They celebrate love with gratitude which testifies to

the fact that their love is Christian love."

He said that current church doctrines often leave that sexual relations can occur only within a heterosexual heterosexual marriage, and that each sexual act must be open to the possibility of procreation, are too narrow and restrictive for contemporary society. "When you preach a sexual ethic based on marriage and procreation, you're talking to a minority of people," said Guindon.

But the guardians of Roman Catholic orthodoxy have not been persuaded. In their view



Guindon seeking church acceptance of loving relationships outside marriage

in 1992, assessment of the book, church officials said that Guindon's views on premarital sex, common law relationships and the nature of marriage represent "a sweeping violation of the sacrament of matrimony." They were even blunter in attacking Guindon's views about homosexuality, saying that the author relied on "distorted interpretations" of the Bible when he cited examples of healthy homosexual relationships between biblical characters. Guindon argues that David, whom he describes as "the most celebrated hero of the Old Testament," had a homosexual relationship with the son of a Jewish king.

Many conservative and authoritarian Catholic theologians have also greeted Guindon's book with skepticism. Rev. John Gallagher, superintendent of the Basilian Fathers and a former

theology professor at St. Michael's College in Toronto, said that Guindon's heterosocial savings remains the cornerstone of Catholic social ethics because it contributes to the moral and social well-being of both partners. Rev. Michael Price, a professor of social theology at St. Peter's Seminary in London, Ont., argued against redefining marriage, saying that it is "a divinely created communion between a man and a woman that creates commitment and responsibility."

But many lay theologians not bound by church doctrine contend that Guindon has made an important contribution to Catholic thinking on sexuality. Gregory Baum, a former priest and currently a professor of social ethics at Montreal's McGill University, said that in the mid-1970s Guindon developed the concept that human sexuality is a language used to express such things as joy, friendship and compassion. Baum said that Guindon's ideas have led many Catholic theologians to think of sex as more than simply a physical act aimed at procreation. Added Louis Swiech: "His idea of sex as a language has been widely accepted."



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THE STONES AT 50

Mick and Keith may go solo—but they still have plans for the Stones

He is a perfectionist. Mick Jagger's first two solo albums, *She's a Rebel* (1980) and *Primitive* (1982), received a critical drubbing, drawing harsh words from his band mates. Keith Richards said that only his third solo effort, the aptly named *Wandering Soul*, Jagger may have found some satisfaction at last. A rock, rather than a pop, collection of Jagger's talents, the album steps through rock, soul, country and blues. Richards includes a few and a slinky (Humphries, Mally). On *Street Talk*, the first single, Jagger goes his own way into a striking solo. And in a duet with Leona Kean, he joins up the rhythm and blues standard *Use Me*.

The album's themes reflect dangerous times, on both the moral and personal fronts. Mastered a Man, a satirical hard-rockers with echoes of Garage Bands, is about the white risk-taking filmmaker after the 1962 Los Angeles riots — "My wife she don't / I'd say / Since we had a lot of trouble here our place."

Meanwhile, Jagger's wife, model Jerry Hall, has had her own share of trouble. Last year, she announced that she was leaving him over his alleged infidelity with a 23-year-old Italian model—and Jagger's departure for Thailand the day after the birth of their third child, Georgia, may 2. Jagger and Hall have apparently reconciled. But Wondering if it's all a fall of separation suits. And in Liverpool, Gower, a sweet money-hedist, Jagger proposes an ambiguous truce: "I can still paint the town all the colors of your evening gown, while I'm waiting for your blood how to turn green."

Jagger recently spoke to Maclean's by phone from London, on the condition that he not discuss his personal life.

Maclean's: When you have a band like the Strokes, why do you need to do solo albums?
Jagger: Why does anybody do anything? It's just what I do. I had a break between Stones records. I enjoy doing the solo albums. It's quite a lot of work. In the end, you either get all the credit or all the blame.

Macdonald: Did you feel chastened by the distribution of votes to the first two?

August 8 wasn't that disappointing, really. The first one didn't do too badly. It sold three million, which was more than the previous two Stones albums, *Dusty Work* and whatever the one before that was. *Disappointment*.

Maclean's as. But they also took a lot of

flat—and North won one of the critics. Did you feel about it as you normally?

Nickelback's *A Long Mother of a Man* / *How your new album sounds like it was written in the woods of the U.S. woods*

Jagers: It was. I found a lot of my friends went out and bought guns and joined local gun clubs. I was around for the Watts riots [1965]. But this time they were not contained in just our neighborhood. Newbery was safe. I didn't go into Beverly Hills, but that's what everyone was worried about.

Hackmeife: Do you carry a gun?
Jagger: Nooo. Though I've been
been some situations where I've car-
ried one.

Jackman: What kind of musician?
Angela: Dangerous musician.
Maclean: You were sang.
"Maclean's here and now is right for
violent musician." Do you worry now
about preserving the social order?
Angela: That song you just quoted,
Street Fighting Man, is really about
how people don't do too much street
fighting. Do I feel like preserving the
social order? Not particularly. I think
the social order quite often needs
changing. Whether you change it by
driving chains through windows is
another matter. The L.A. riots don't
seem to have done a lot of good—
nothing has really happened in these
cities.

about a guy who's down on his luck and has lost his home in the process of the 1980s. And he sees one of his neighborhood kids walk into a fancy place and tries to let her up for money. I don't really consider that a great moment, 'cause it's a New York kind of song. Maclean? There's a lot of caricature in what you've always done, sexual satire and so forth. How far can you stretch that before it breaks?

Mick's death. They heard what was to be known as the greatest rock and roll band in the world. It is certainly a disaster: The Rolling Stones have existed for 30 years, Mick Jagger and the band have turned 50 this year. And, as it is the tradition, the Stones gave a side in 1989 with a hit album, *Steel* and a hit tour. This year, Jagger released solo albums, *Wandering Spirit*. Last year, he released Toronto's *Musney Hall* 1-2-3 tour to support his second solo in October, *Musney Hall*. Jagger and his band to begin writing a new album this spring—the first in a saga—discography. *Rolling Stone* magazine's *Rolling Stone* magazine estimated at \$50 million, *Rolling Stone* magazine's *Rolling Stone* magazine estimated at \$50 million.

I usually do. I played it pretty straight. Maybe I feel more confident doing country music. Mackenna's at 40 like you'd get more people. What chance is there of becoming a success?

Jagger. I think it's good to take on different personas, especially with an album that has a lot of different styles. In *Mother's Little Helper*, it's not really me talking, so to speak.

hiss player) who just pleases me. *Macaulay's* *Are you looking for another* *unbearable* *hiss* *player?* *Jagger:* I don't care about that. *Mind* *you,* *don't* *went* *a* *leaping* *soloist* *who's* *going* *to* *suddenly* *take* *center* *stage* *and* *start* *driving* *off* *hiss* *notes* *in* *an* *uncontrollable* *way.* *Also* *it's* *going* *to* *be* *somebody* *you* *can* *get* *a* *wh.*

Maclean's is living on the Stones like some-
thing is long marriage, where you feel the need to
get out and ... ?

Jagger: Groove around? Yeah, I groove so, you want to draw that analogy? Yeah, I think that it does help your work with a band if you work in other ways with other people, because you learn different things. If you sit with the same people all the time, you do get stuck.

Maclean's Yoo and Keith seem to have a very productive creative tension. Lennon and McCartney were not exactly poets in a parlor. How does that friction work? Yoo and Keith are obviously very different people.

Jagger: Yeah, we are very different in lots of ways, and quite often different than the stereotypes that people imagine we are. *Maclean's: How so?*

Jagger: Keith has a really strong ball. Mick is fun. He's always the one who's imagined to be the heavy rocker, when quite often he enjoys the slow ballads more. Both of us bring a lot of different ideas to

the mix. There's always friction, but it's just a question of having the right amount. Too much friction and things don't work. A little bit makes it work.





Rapid Robyn drives a point home

BY ALLAN FOTHERINGHAM

There is something about the air in Labrador that affects the head. People do strange things, like leaving hot-lair audio shows to go into politics, or leaving politics to become hot-lair radio hosts. Thousands of people even in the north on New Year's Day and some even vote Social Credit. It is, however, the 90th year for politicians and they have proven equal to the task. Take Robyn Allen. She's a 37-year-old economist who soon last May has been the assistant president and chief executive officer of the Insurance Corp. of British Columbia, the province's main-run auto insurance plan.

She gets \$135,000 a year and, it has only been discovered, has never spending tickets since has failed to produce her insurance or driver's license, has two seat-belt violations and has been in five accidents.

Wonderful! Just the odds could we want to insure lost-footed drivers. Mr. Allen, who says she thinks she's a "very good driver," is rumored to be entering the next trial pull at 3-C Place, a proper test for her skills.

Rapid Robyn has an even better advantage, however. At a news conference the product's "black box"—a computer game that will record everything she does from behind the wheel of her seven-year-old, front-wheel-drive to be going to steering. It there says she's "a very good driver" on auto mode? This is the most infamous caper since the lady cabinet minister in Ontario last year who took a lie detector to prove she had been telling a lie about a well-paid doctor. It's very hard to be a professional insurance in this country when all these statistics are hanging in the air.

The same chief with auto policy lost comes from a proud tradition in Victoria. She follows in the path of the renowned Phil Gargyley, the Second highway's captain in the W.A.C. Bennett era. "Wacky called him the greatest builder since Caesar." Only problem was that Philing Phil was a disoriented chap who drove a huge pre-war car, had trouble leaving his luggage on the road.

He had spending tickets by the bucket, but his license suspended for dangerous driving



and was once chased and collared by an auto insurance agent running over a dog and spending all in Shagbushington Heights, the most posh portion of Vancouver.

Progress is progress, and Robyn has her black box, something denied to Phil, and we think she has succeeded upon a mother lode. A computer to monitor the conduct of a high government official? It think we may be on to something good.

Backroom strategists across the country are rushing to Victoria to learn the secret. Handlers, flacks and lobbyists can see a dramatic sequence unfolding before them. Imagine being the black box made Michael Wilson's helix double-breasted suit. The suit prepares the thing like Dr. Frankenstein and his creature, and you might actually be able to produce a personality.

Even now the Tory spin doctors are perfecting their own black box for the Prime Minister.

Decided to his chest, instead of the bulletproof vest, it would be pragmatic to automatically cut out of his window all the blame, the guilt, the hubbub, the exaggerations and the potential adjectives.

Computers are marvels, as we know, and the Mulroney black box would be bound to automatically cut a beep whenever his someone's hand drops into the let-me-be-headed-with-you mode.

The Liberais, as we speak, are firing Jean Charest with a black box that is guaranteed to turn his speech into understandable English—and even French. The Kim Campbell black box, even now, is having this girl turned down her extrinsic advantage from her spouse and putting the asbestos button on hold. Could a black box make Bob Rae find a seat for his? Do something about Audrey's eyeglasses?

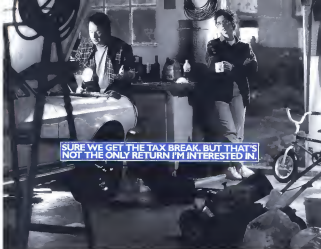
Just as Josef Glibels invented propaganda and Richard Nixon devised a system of taping himself that led to his downfall, unknown Robyn Allen in Labrador has opened up some possibilities in the whole field. Would Gary Hart in fact be president today if a black box attached to his underwear had caught down his little reds? Who knows?

Executive assistants and aides to all top politicians always complain that if only the boss would comply to obey instructions, would stick to the script, they wouldn't get in trouble. Could a black box, properly programmed, have convinced Pierre Trudeau's wretched Lyndon Johnson could have been warned by his black box not to show his gallbladder scar to reporters or pick up his legs by the ears?

A black box, discreetly stuffed into the rear of the barrels of every politician in the land, would keep us all out of trouble. When Mulroney was forced to bring up his jeans on TV, a hand signal in the back room would tell his hands. A warning, string over the controls, would freeze the words "roll the door" before they got past his pants.

Robyn Allen we salute you. You are about to become more reliable than cars. Philing Phil. His fame was provincial, yours will be national and even international once the idea catches on. Like Peter Sellers' Chatterbox Godfather in *Being There*, it won't really matter who we get in high office. With a black box taped to the stomach, all the actions can be controlled.

Top civil servants have always complained that they only follow orders, and have no attitudes of their own. Rapid Robyn and her magic black box have now found a way to make sure this is true. We owe her a debt.



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